

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, FEBRUARY 19, 2010

BY DAVE MEARS

(Note: A little late out this week due to activity, but should be back on track by next week.)

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

(MON) The Association of American Railroads debuted its latest "Freight Rail Works" advertising campaign. The campaign, created by Ogilvy PR Worldwide and EyeCandy Production, will consist of TV, radio, print and online components. AAR also released a report entitled, "Great Expectations: Railroads and U.S. Economic Recovery." Included in the report, which is available on the AAR website, are the statistics that freight railroads generate nearly \$265 billion in total annual economic activity and that every one freight rail jobs supports another 4.5 jobs elsewhere in the country. (ffd: AAR)

(TUE) New Jersey Transit head James Weinstein said that NJT bus and rail riders will see their second fare increase in three years by the end of June, possibly earlier. Mr. Weinstein said that the fare increase would be "not insignificant" and were needed largely as a result of a projected \$300 million deficit for NJT for Fiscal Year 2011, which includes the loss of \$32.7 million in state subsidies, as was recently directed by the state's new governor, Chris Christie. (ffd: Asbury Park Press, wire services)

(WED) The U.S. Department of Transportation announced \$1.5 billion in federal Transportation Investment Generating Economic Recovery (TIGER) grants. The largest grants, all of which will go to public authorities, were \$105 million to assist Norfolk Southern's Crescent Corridor projects; \$100 million to assist Chicago-area CREATE projects; and \$98 million to assist CSX's National Gateway Freight Rail Corridor projects. An \$83 million TIGER grant was also made to support the conversion of the former Farley Post Office Building in New York City to the new Moynihan rail station; \$267 million in federal and state funding is now available for the Moynihan project, which allows the first phase of the project to start. (ffd: NARP, New York Daily News, USDOT)

(WED) The U.S. Federal Railroad Administration announced a new rail trespasser prevention research study, which an FRA spokesman said was designed to identify and review rail trespassing laws and mitigation strategies. The study will be conducted in and near West Palm Beach, FL, and will partner with that city and also with the South Florida Regional Transportation Authority. (ffd: FRA)

(WED) Canadian Pacific announced that it had settled the last lawsuit stemming from a January 18, 2002 derailment in Minot, ND that released a cloud of anhydrous ammonia, a toxic inhalation hazard. The release caused the death of one person and hundreds of others sought treatment for eye and lung problems. Along with the hundreds of plaintiffs who have settled individual lawsuits with the railroad, a \$7 million class-action lawsuit was settled in 2007. (ffd: wire services)

(THU) An economic analysis firm released a study that said that a "normal seasonal trend" could produce double-digit year-over-year carload increases for Class 1 railroads in the months ahead. The study, conducted by Robert Baird & Co., said that a strong fall harvest should continue to drive up agricultural product volumes in the coming months, that chemical volumes have increased, and that automobile production levels remain stable. (ffd: Progressive Railroading)

(THU) The U.S. National Transportation Safety Board announced its 2010 "Federal Most Wanted List of Transportation Safety Improvements." On the list related to rail are two recommendations aimed at improving and strengthening transit railcar design and assembly, which was given a "yellow" designation, meaning that there has been "acceptable response, but progressing slowly."

(ffd: NTSB)

(THU) Amtrak announced that it would commence on March 1 the project to replace the Niantic River Bridge on its Northeast Corridor Line in East Lyme, CT. The existing bridge, which was constructed decades ago by the former New Haven Railroad, will be replaced by a new structure of bascule span design south of the current alignment. The project will also expand the navigation channel beneath the bridge. (ffd: Amtrak, Trains)

(FRI) The Ports of Los Angeles and Long Beach noted that January of this year was the second straight month in which traffic handled through the port increased. The two ports are No. 1 and No. 2 in the U.S. for handling intermodal containers. A spokesman for the ports said that increases were largely driven by exports, primarily of scrap paper and scrap metals. (ffd: Los Angeles Times)

(FRI) A New York perfume company announced what further publicity billed as "the world's first railroad perfume." The company announced the March, 2010 release of Bond No. 9 High Line, a perfume named for the new urban park in Manhattan rebuilt on the former West Side elevated rail line. The perfume, which retails for \$220 for a 3-and-1/2 ounce bottle, promises "a scent that conveys a whiff of urban wildflowers and a hint of industrial grit." (ffd: wire services)

STATS – CLASS 1 RAIL TRAFFIC:

(THU) For the week ending February 13, 2010, U.S. rail volume grand totaled 28.1 billion ton-miles, down 7.0 percent from the comparable period last year. U.S. carload rail traffic was down 8.1 percent, down 16.1 percent in the East – largely due to the impact of back-to-back severe winter storms – and down 3.0 percent in the West. Notable traffic increases included metals and metal products up 24.9 percent and motor vehicles and equipment up 15.0 percent; notable traffic decreases included crushed stone, sand and gravel down 18.9 percent and coal down 16.3 percent. Also for the week, U.S. intermodal rail traffic was up 0.5 percent, Canadian carload rail traffic was up 4.8 percent, Canadian intermodal rail traffic as down 1.6 percent, Mexican carload rail traffic was up 28.1 percent, and Mexican intermodal rail traffic was up 17.3 percent.

For the period January 1 through February 13, 2010, U.S. rail volume grand totaled 172.0 billion ton-miles, down 0.8 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was down 1.6 percent, U.S. intermodal rail traffic was down 2.6 percent, Canadian carload rail traffic was down 13.0 percent, Canadian intermodal rail traffic was up 2.6 percent, Mexican carload rail traffic was up 23.9 percent, and Mexican intermodal rail traffic was up 35.6 percent. (ffd: AAR)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(TUE) Western Labrador Rail Services, part of Genesee & Wyoming's Canada Region, announced a long-term agreement to provide rail services to the Bloom Lake Railway. WLRS will handle unit trains of iron ore on BLRC-s soon-to-be-built 19-mile line from the mines at Bloom Lake, Quebec to Wabush, Labrador. (ffd: G&W RRs, Progressive Railroading)

(WED) American Railcar Industries and U.S. Railcar announced a joint venture which the National Association of Railroad Passengers said was looking "to challenge the [passenger railcar manufacturing] dominance enjoyed here by foreign manufacturers, such as Bombardier of Canada, Siemens of Germany, Alstom of France, and Talgo of Spain." The new venture, named US Railcar Company LLC – will initially produce ordered railcars at two factors owned by American Railcar Industries in Arkansas. (ffd: NARP, wire services)

(WED) Rail product manufacturer L.B. Foster announced that it would acquire Portec Rail Products. News reports that that the acquisition price would be \$112.4 million. (ffd: Business Week)

(THU) Drake Cement announced that it would acquire from the Clarksdale Arizona Central Railroad, approximately four miles of rail line near Drake, AZ. (ffd: STB)

(THU) Union Pacific filed to abandon approximately one-quarter mile of its Ankeny Industrial Lead in Ankeny, IA. (ffd: STB)

(THU) Union Pacific filed to abandon approximately eight miles of its Bondurant Industrial Lead in Bondurant, IA. (ffd: STB)

(FRI) Elkhart & Western filed to lease, from Norfolk Southern, and operate approximately 23 miles of its Michigan City Branch line between Argos, IN and Walkerton, IN. (ffd: STB)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(TUE) Canadian National announced the following appointments in its Marketing & Sales Department: Vee Kachroo as VP-Industrial Products; James Cairns as VP-Petroleum & Chemicals; Andy Gonta as VP-Bulk; Paul Waite as VP-Intermodal; Keith Reardon as VP-Supply Chain Solutions; and Doug MacDonald as VP-Corporate Marketing. (ffd: CN Corp.)

(THU) CSX announced the appointment of Fredrick Eliasson as its VP-Emerging Markets. Mr. Eliasson succeeds Derrick Smith, who will serve as a vice president in CSX's Finance Department. Reporting to Mr. Eliasson is Clark Robertson, who will serve as AVP-Regional Development. (ffd: Progressive Railroading)

(THU) Watco Companies appointed James Mattsen as the market manager for the Yellowstone Valley and Mission Mountain Railroads. Mr. Mattsen was most recently with Progressive Rail. (ffd: Progressive Railroading)

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Dave Mears

Cherry Hill, NJ