

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING SAT, JUNE 24, 2006

BY DAVE MEARS

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

(MON) The Utah Transit Authority announced that it had received a \$489 Million Full Funding Grant from the U.S. Department of Transportation for its FrontRunner commuter rail line to serve Salt Lake City, UT. A UTA spokesman said that the funds will be allocated between this year and 2012. UTA plans to begin operating the 44-mile line by November, 2008. (ffd: UTA, Progressive Railroading)

(MON) New Jersey Transit's Board of Directors approved a three-year demonstration program of direct passenger rail service between New York, NY and Atlantic City, NJ. Presently, NJT trains operate between Atlantic City and 30th St. Station, Philadelphia; however and from Friday afternoons through Sunday nights beginning in 2007, 18 trips will run to and from New York City. An NJT spokesman said that funding for the program is being provided by the Casino Reinvestment Development Authority and a partnership of Atlantic City hotels, and will include the purchase of 8 new bi-level rail cars, additional to funding covering all incremental operating costs. Funding will also include leasing 4 dual-mode locomotives from Amtrak, which will operate directly into Pennsylvania Station using recently reactivated third-rail electrical power in the Hudson River rail tunnels. (ffd: NARP, NJ Transit)

(MON) CSX launched a novel marketing campaign aimed at encouraging safety by young adults around railroad tracks. The new campaign includes slogan such as "Girls don't like flat guys," alluding to a male trespasser being run over by a train. "I'm told a million times a day things to do to stay safe and I tune out 99 percent of them," said CSX spokesman Bob Sullivan. "We want to be the 1 percent that doesn't get tuned out." The program is initially being debuted in towns where CSX lines cross or run close to college campuses. (ffd: NJ News Journal)

(MON) The Canadian government announced that it would appropriate \$226.4 million over the next 2 years to improve transportation security, including \$84.5 million to bolster rail security. A government spokesman said that the rail industry will receive funds for purposes including developing security assessments, best practices and guidelines. The spokesman added that the government will also fund the establishment of a passenger rail and transit security contribution program, which will provide financial assistance to accelerate implementation of security measures. (ffd: Progressive Railroading)

(MON) Kansas City Southern announced that it would partner with the Louisiana Department of Transportation to improve or eliminate approximately 300 crossings in the state. The project will cost about \$16 million. A LDOT spokesman said, "By combining available state and federal resources with railroad resources [for this purpose], we are making important strides toward enhancing safety throughout the state." (ffd: NARP)

(MON) Workers demolishing a building across from Santa Fe Southern tracks in Santa Fe, NM discovered that its first floor had been made from 4 Santa Fe reefer cars built in the early 1900s. A Santa Fe Southern spokesman said that

the 4 cars still bore Santa Fe markings of that time and that 2 of the 4 cars would be preserved. The Santa Fe Southern now operates the former Santa Fe branch between Lamy, NM and Santa Fe. Said SFS President Carol Raymond, "We have spent 14 years preserving rail service in Santa Fe...It was like discovering a treasure." (ffd: Santa Fe New Mexican, Trains)

(WED) The Senate Subcommittee on Surface Transportation held a hearing to review a General Accountability Office report on U.S. freight railroads. The report stated that "rail rate changes were below the rate of inflation and thus all rates have declined in real terms." However and alluding to the consolidation of Class 1 railroads over the last two decades, the report went on to state that "our preliminary analysis indicates that the share of potentially captive shippers who are paying the highest rates – those substantially above the threshold for rate relief – has increased." Two senators at the hearing, Byron Dorgan (D-ND) and Conrad Burns (R-MT), criticized the Surface Transportation Board for lack of oversight on these and related issues. "If there's ever an Olympic event for studying [an issue, as opposed to acting on it], clearly the Surface Transportation Board is a gold medal winner here," said Mr. Dorgan. Later in the hearing, a witness for the American Chemical Council said, "For captive chemical shippers, the 'Iron Horse' has become a greedy 'cash cow'...The system is broken and Congress needs to fix it." (ffd: NARP, Railway Age, wire services)

(WED) Amtrak experience another electrical power outage on its Northeast Corridor line. The outage lasted for about 30 minutes during the morning rush hour. The next day, Amtrak SVP-Operations William Crosbie testified before a committee of the New Jersey state legislature that had been convened to examine the 4 NEC power outages that have occurred in the last 4 weeks. Mr. Crosbie stated that the disruptions had different causes and that experts hired to investigate the most serious failure, which occurred on May 25, were expected to finish their report in 3 to 6 months. Also testifying at the hearing was former Amtrak president George Warrington, now the head of New Jersey Transit, who alluded to Amtrak's continual problems in obtaining sufficient funding to keep the railroad in a state of good repair. "I am deeply concerned about the federal investment in this regional and national asset," said Mr. Warrington. He added that "[the Northeast Corridor] has been held hostage to a 30-year-long ideological debate" about intercity rail service. (ffd: Newark Star-Ledger, New York Times, wire services)

(WED) California air quality regulators announced that they would not enforce new state rules related to locomotive emissions until a legal challenge to them is resolved. A spokesman for the South Coast Air Quality Management District said that the new rules, which include limiting locomotive idling times to no more than 30 minutes, were to take effect August 3, but will be delayed at least 5 months. The spokesman added that railroads had challenged the rules in U.S. District Court, which is expected to rule on them by November. (ffd: California Press-Enterprise)

(WED) New York State officials announced that they had signed an agreement with developers timetabling the conversion of Manhattan's Farley Post Office Building into the new Moynihan rail station. A state spokesman said that the \$850 million project will be completed in time "for the station to open for business by 2012." The new station will be used by New Jersey Transit and Long Island Rail Road commuter trains. Amtrak trains will continue to use the existing Pennsylvania Station across the street. The spokesman added that the conversion plans do not include building a new Madison Square Garden in the Farley Annex between Eighth and Ninth Avenues and West 31st and West 33rd Streets, as had earlier been proposed. (ffd: Newsday)

(WED) New Jersey Transit announced that it would open its new one-mile light rail line in Newark, NJ on July 17. The line will connect the city's Penn and Broad Street rail stations, stopping in between at the New Jersey Performing Arts Center, Riverfront Stadium, Newark Museum and the Broad Street commercial district. At Newark Penn Station, the new line will connect with the Newark City Subway. (ffd: Progressive Railroading)

(WED) The dates of the 2006 North American Railroads Customer Forum were announced. The event, sponsored by the Association of American Railroads, will be held on September 13 at the Renaissance St. Louis Hotel, the same venue as the 2005 forum. The event, the purpose of which is to review railroad peak season plans and address any shipper service complaints, will feature speakers and presentations from the Class 1 railroads, the American Short Line and Regional Railroad Association, and the Surface Transportation Board. (ffd: AAR, Progressive Railroading)

(THU) Boston, MA commuter rail operator Massachusetts Bay Commuter Railroad suffered an on-duty employee fatality. The employee, whose name was not immediately available, was killed near Gloucester, MA while doing work on MBCR's Boston to Rockport, MA line. A MBCR spokesman said that the worker was using heavy equipment to perform routine maintenance on railroad ties when the fatal accident occurred. (ffd: CBS4-Boston)

(THU) Philadelphia, PA commuter rail and transit operator SEPTA approved a Fiscal Year 2007 capital and operating budget totaling \$1.42 billion. A SEPTA spokesman said that \$438 million of that amount will be for capital improvements and that these will include funds for the Market Street elevated reconstruction project, Regional Rail Route R5 Paoli Line improvements, a rail station and parking improvement program, and new Silverliner V commuter rail cars. (ffd: Philadelphia Inquirer)

(THU) San Francisco, CA's BART subway system allowed passengers to ride for free this day. The free fare was the result of the Bay Area Air Quality Management District having designated June 22 as "Spare The Air Day." A district spokesman said that the designation was intended to coax Bay Area commuters to travel on BART instead of in their vehicles. (ffd: Trains)

(SAT) The Massachusetts Bay Transportation Authority suspended service on the Mattapan light rail line effective this date and for approximately 1 year. The service suspension allows for the removal and reconstruction of the viaduct at Ashmont Station, and for the complete renovation of station facilities at Ashmont and Mattapan. During the year, bus service will be substituted for the line's streetcar service. (ffd: MBTA)

(SAT) Union Pacific unveiled the fourth in its series of six locomotives repainted in the famous paint schemes of predecessor railroads. This latest locomotive honors the Denver & Rio Grande Western Railroad, which became part of the UP upon its purchase of Southern Pacific in 1996. The unit, numbered UP 1989, features D&RGW's historic colors of silver and "Grande Gold," with two old D&RGW emblems and a silhouette of the Rocky Mountains. (ffd: Trains)

STATS – TRAFFIC:

(NOTE: The Canadian carload and intermodal rail traffic mentioned below includes both the Canadian and U.S. operations of Canadian National and Canadian Pacific Railway.)

(THU) For the week ending June 17, 2006, U.S. rail volume grand totaled 34.1 billion ton-miles, up 5.9 percent from the comparable week last year. U.S. carload rail traffic was up 4.1 percent, up 1.3 percent in the East and up 6.5 percent in the West. Notable traffic increases included metals up 17.2 percent, waste and scrap materials up 13.8 percent, and coal up 10.3 percent; notable traffic decreases included non-grain farm products down 18.0 percent, primary forest products down 17.0 percent, and metallic ores down 15.5 percent. Also for the week, U.S. intermodal rail traffic was up 8.9 percent, Canadian carload rail traffic was down 0.9 percent, Canadian intermodal rail traffic was up 10.0 percent, Mexico's Kansas City Southern de Mexico's carload rail traffic was down 1.0 percent, and KCSM's intermodal rail traffic was up 14.3 percent.

For the period January 1 through June 17, 2006, U.S. rail volume grand totaled 799.5 billion ton-miles, up 2.6 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was up 1.4 percent, U.S. intermodal rail traffic was up 6.5 percent, Canadian carload rail traffic was down 2.2 percent, Canadian intermodal rail traffic was up 5.7 percent, KCSM's carload rail traffic was down 5.5 percent, and KCSM's intermodal rail traffic was down 6.6 percent. (ffd: AAR)

MORE STATS – OPERATING PERFORMANCE:

(NOTE: Effective October 1, 2005, railroads that had been furnished operating performance statistics to the Association of American Railroads began applying a new standardized definitional framework, aimed at eliminating differences in calculation methodology. Concurrent with but unrelated to these changes, Canadian National elected to no longer furnish these statistics.)

(WED) For the week ending June 16, 2006 and versus the previous week, average total cars on line was as follows: BNSF, 224,395 cars versus 221,677 cars; Canadian Pacific, 81,817 cars versus 83,180 cars; CSX, 223,347 cars versus 222,487 cars; Kansas City Southern, 26,957 cars versus 26,488 cars; Norfolk Southern, 203,690 cars versus 203,131 cars; and Union Pacific 322,008 cars versus 319,990 cars. (Comparative totals from last year are not yet available.)

Also for the week ending June 16, 2006 and versus the comparable week last year, average train speed was as follows: BNSF, 22.5 mph versus 23.2 mph; Canadian Pacific Railway, 25.3 mph versus 22.5 mph; CSX, 19.5 mph versus 19.2 mph; Kansas City Southern, 24.4 mph versus 23.1 mph; Norfolk Southern, 20.8 mph versus 21.6 mph; and Union Pacific, 21.3 mph versus 21.3 mph.

Finally for the week ending June 16, 2006 and versus the comparable week last year, average terminal dwell time was as follows: BNSF, 24.0 hrs versus 23.9 hrs; Canadian Pacific Railway, 19.2 hrs versus 25.4 hrs; CSX, 24.6 hrs versus 28.8 hrs; Kansas City Southern, 21.6 hrs versus 23.1 hrs; Norfolk Southern, 22.4 hrs versus 22.8 hrs; and Union Pacific, 26.4 hrs versus 27.5 hrs. (ffd: AAR)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(TUE) The Surface Transportation Board granted Atlantic & Pacific Railroad's earlier request to discontinue service over approximately 4 miles of line, owned by the Kansas & Oklahoma Railroad, between Chase, KS and Silica, KS. (ffd: STB)

(TUE) BNSF granted permanent overhead trackage rights to Union Pacific over BNSF's line between "Bullfrog Junction" near BNSF's Puyalloy River Bridge and the point of connection with BNSF's Seattle Division main line at River Street interlocking, all in Tacoma, WA and totaling approximately 1 mile of line. The purpose of the trackage rights is to create additional overhead routings for UP trains in the Tacoma area. (ffd: STB)

(TUE) Conrail-Shared Assets filed to abandon approximately 5 miles of line in and near Detroit, MI, consisting of 1) the Detroit Terminal West Industrial Track between near Joseph Campau Street and Woodrow Wilson Street, and 2) the Highland Park Industrial Track between near Cloverdale Street, Detroit and Highland Park, MI. (ffd: STB)

(FRI) Saginaw Bay Southern Railway filed to acquire, from CSX, the latter's contractual right to operate via trackage rights over approximately 7 miles of line owned by the Huron & Eastern Railway and between Saginaw, MI and Paines, MI. (ffd: STB)

(FRI) Union Pacific filed to remove several controlled points, remove several intermediate signals, and convert several switches to hand-throw operation between MP 232 and MP 235 on its Houston West Belt Subdivision near Houston, TX. The reason given for the proposed change is "to allow more trains to move through this corridor efficiently and without undue delay." (ffd: FRA)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(MON) Alaska Railroad announced the following appointments: Jim Blassingame as EVP-Corporate Affairs; Wendy Lindskoog as AVP-Corporate Affairs; Susan Lindemuth as AVP-Human Resources; William Hupprich as AVP & Deputy General Counsel; Jason Werner as Mgr-Financial Analysis & Debt Management; and Tim Thompson as Mgr-External Affairs. (ffd: Progressive Railroading)

(MON) BNSF announced the following appointments: Julie Piggott as VP-Finance and Paul Bischler as VP & Controller. Both will report to BNSF EVP & Chief Financial Officer Tom Hund. Later in the week, BNSF announced the retirement of Nick Murray, its AVP-Measurement, Costing & Decision Support, effective July 31. (ffd: BNSF Corp.)

(MON) Florida East Coast Industries announced the appointment of Edward Shumsky as EVP & Chief Human Resources Officer. FECI owns the 351-mile Florida East Coast Railway and the real estate development firm Flagler Development. (ffd: FECI Corp.)

(MON) Weldon McGee away in Green Bay, WI. Mr. McGee was president of the Green Bay & Western Railroad from 1962 to 1978, having originally been hired by the GB&W as a laborer in 1936. The GB&W was sold to ITEL Corporation in 1977 and was sold to the Wisconsin Central in 1993. The Wisconsin Central was sold to Canadian National in 2001. (ffd: CN Corp.)

(TUE) The New York State legislature voted to reappoint Peter Kalikow as chairman of the New York State Transportation Authority. Mr. Kalikow will now serve a second 6-year term. (ffd: WINS Radio)

(TUE) The Santa Clara Valley Transportation Authority appointed Donald Smith as Chief Operating Officer and William Lopez as Chief Administrative Officer. Mr. Smith succeeds Matthew Tucker, who recently accepted a position as director of the Virginia Department of Rail and Public Transportation. Mr. Smith was previously with the Massachusetts Bay Transportation Authority and the Southeastern Pennsylvania Transportation Authority. Mr. Lopez was previously an official of the City of San Diego, CA. (ffd: Progressive Railroading)

(WED) Don Hahs was reelected national president of the Brotherhood of Locomotive Engineers and Trainmen. Mr. Hahs, who is the first person to win reelection of the union's presidency since 1981, was first elected its national president in 2001. (ffd: Progressive Railroading)

(WED) RailAmerica announced an organizational restructuring. The shortline and regional railroad holding company abolished its 5 divisions and 2 corridors, and substituted 3 business units. Appointed as presidents of the business units are the following individuals: Jan Polley, Operations East; Scott Hulstrom, Operations Central; and Ray Stephens, Operations West. A RailAmerica spokesman later said that the restructuring also initially eliminated 20 upper and middle management positions. (ffd: RailAmerica Corp., Progressive Railroading)

(FRI) Norman Mineta announced his intention to resign as U.S. Secretary of Transportation effective July 7. Mr. Mineta, Age 74, has served in this position for nearly 6 years, longer than any other U.S. transportation secretary. Concurrent with Mr. Mineta's resignation, USDOT Deputy Council Jeffrey Rosen, who had been Mr. Mineta's representative on the Amtrak Board of Directors, also announced his intention to resign. The Capitol Hill publication CQ Today reported USDOT Deputy Secretary Maria Cino and former USDOT Deputy Secretary (and current Homeland Security Deputy Secretary) Michael Jackson as possible successors to Mr. Mineta. (ffd: NARP, USDOT)

(FRI) Union Pacific announced that it would reorganize its field operations into 3 regions and eliminate the Kansas City-based Central Region. The Kansas City and St. Louis Service Units of the Central Region will join the Northern Region, based in Omaha, NE. The North Little Rock and Wichita Service Units of the Central Region will join the Southern Region, based in Spring, TX. The Western Region, based in Roseville, CA, will not change.

Concurrent with the reorganization, UP announced the following appointments: Joe Santamaria, who had been VP-Southern Region, as VP-Transportation, replacing Jeff Koch, who has announced his intention to retire later this year; Lance Fritz as VP-Southern Region, replacing Mr. Santamaria; and Randy Blackburn, who had been VP-Central Region, as VP-Northern Region, replacing Mr. Fritz. UP also announced the following other appointments: Rod Richardson, as General Superintendent, Proviso Service Unit; Rick Turner as VP-Premium Operations; and Linda Brandl as VP-National Customer Service Center. (ffd: UP Corp.)

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Weekly Rail Review is edited from public news sources and published weekly to those working in, or interested in, rail and transit. Send an e-mail to <<mailto:weeklyrailreview@aol.com>>weeklyrailreview@aol.com to receive it, with my compliments.

HAVE A SAFE AND PROSPEROUS WEEK,

Dave Mears

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