

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING JULY 17, 2009

BY DAVE MEARS

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

(MON) United Transportation Union International President Malcolm Futhey announced that the UTU's earlier planned merger with the Sheet Metal Workers International Association was off. Mr. Futhey said that the UTU's executive board had told him to "walk away" from the merger. Later in the week, the UTU announced that four board members who had worked for the merger – John Babler, Victor Baffoni, James Cumby and Constantino Iannone – had recently been removed from office. They were among seven board members charged by the UTU with improprieties related to the planned merger. Two others, Roy Boling and John Fitzgerald, have retired, and another, James "Brokenrail" Brunkenhoefer, has died. (ffd: Journal of Commerce, UTU)

(MON) The U.S. Department of Transportation announced the release of more grants to state and local transit systems sourcing from the American Recovery and Reinvestment Act (ARRA). The latest release of stimulus funds totals \$961.3 million. So far this fiscal year, USDOT has made available \$8.4 billion for transit capital and operating use, with funding approved for about 6,000 projects. (ffd: Progressive Railroading, USDOT)

(TUES) Norfolk Southern announced that it would shut down hump operations at its yard in Sheffield, AL. Cars currently classified at Sheffield will instead be classed at Birmingham, AL or Chattanooga, TN. (ffd: Muscle Shoals Times Daily, Trains)

(MON) Norfolk Southern and Union Pacific announced a new joint intermodal service which they said was especially designed for refrigerated trailer shippers between Los Angeles, CA and Atlanta, GA. The new service provides customers with the option of having their trailers serviced during a stop in El Paso, TX and promises "truck-like speed of more than 500 miles per day." (ffd: NS RR, UP RR)

(TUE) Canadian Pacific Railway's newly acquired Dakota, Minnesota & Eastern Railroad suffered two on-duty employee fatalities. Joshua Osborn and Andrew Reed, both Age 27, were killed when the train they were operating collided with a cut of cars on an adjacent track near Bettendorf, IA. Initial reports indicate that switch through which the train was operating may have been improperly aligned for through movement. (ffd: Trains, wire services)

(WED) Representatives of the Chicago Region Environmental and Transportation Efficiency (CREATE) program acclaimed the Illinois state legislature's recent appropriation of \$322 million for the program. They said that the state funding improves the program's chances of gaining federal stimulus funding. They added that the program will need at least \$1 billion more in order to complete all 78 program projects. (ffd: Trains, Wall Street Journal)

(THU) U.S. Secretary of Transportation Ray LaHood announced that the Federal Railroad Administration has received 278 pre-applications for high-speed rail grant funding. Although Congress has made \$8 billion available for high-speed rail initiatives, the 278 pre-applications altogether request \$102 billion in funding. Mr. LaHood said that USDOT expects to announce the first round of merit-based grants in the fall. (ffd: Railway Age, USDOT)

(THU) New federal hours of service regulations went into effect for freight train crews and selected other rail workers. The regulations stem from last year's passage of the Railway Safety Improvement Act (RSIA). Among the major changes are increases to the amount of off-duty time required between work tours and a prohibition against a railroad interrupting that time; caps on the number of service hours and limbo time hours; and mandatory days off when someone initiates a tour of duty on six or more consecutive days. (ffd: wire services)

(THU) The Federal Railroad Administration released a Notice of Proposed Rulemaking (NPRM) for Positive Train Control (PTC) systems. The NPRM stems from last year's passage of the Railway Safety Improvement Act (RSIA). The 304-page NPRM proposes regulations governing PTC, which the RSIA requires be installed and active on certain lines of passenger and Class 1 freight railroads by 2015. FRA is soliciting comment concerning the regulations, which may be read by linking to the FRA website. (ffd: RT&S, USDOT)

(THU) Amtrak unveiled its first bad order passenger car that had been rebuilt and returned to service with American Recovery and Reinvestment Act (ARRA) funding. The car, Amfleet II No. 25103, had been out of service since April, 2005. The car was completely overhauled at a unit cost of \$687,000, and Amtrak said that it will rebuild and return to service 80 other cars with ARRA funding. Later in the week, Amtrak released details of its Request For Proposal (RFP) for its first new equipment order in about eight years. The request includes a base order of 130 Viewliner II cars, with an option for 70 more, as well as 20 new AC electric locomotives, with an option for 40 more. The Viewliner request breaks down to 25 sleepers, 25 diners, 55 baggage cars and 25 combined baggage and crew dorm cars. (ffd: Amtrak, NARP)

(THU) In a notable derailment, 34 cars of a Union Pacific freight train derailed near Limon, CO, on UP's line between Denver and Kansas City, MO. No crew members were injured in the derailment, the cause of which was still under investigation at press time. (ffd: wire services)

(THU) Pan Am Railways filed an adverse abandonment application with the Surface Transportation Board. The filing requests that the STB compel the abandonment of the New England Southern Railroad's operation of 27 miles of former Boston & Maine line between Penacook and Manchester, NH. In its filing, Pam Am stated that, in April, 2007, it gave NES written notice of termination of their operation of the line; however, NES responded in July, 2007 that it would not discontinue its operation. (ffd: STB)

(THU) The Government of Canada announced that it would provide \$300 million in funding to improve VIA Rail passenger service on Canadian National's line between Montreal, QC and Toronto, ON. A government spokesman said that the funding would include adding a third track at eight "strategic points" on the line, which in turn will allow VIA to add two more daily passenger trains each way, as well as reduce travel time on the line by as much as 30 minutes per Montreal-Toronto trip. (ffd: Montreal Gazette, Via Rail Canada)

(FRI) The House Appropriations Committee approved an additional \$4 billion for high-speed rail initiatives. The amount is addition to the \$8 billion in high-speed rail funding provided by the American Recovery and Reinvestment Act (ARRA). The additional \$4 billion must still be considered by the entire U.S. House of Representatives and then the U.S. Senate. (ffd: wire services)

(FRI) Seattle prepared for the start of light rail service in the city the following day, Saturday, July 18. The light rail line will open in two stages: the 13.9-mile segment from Westlake Station in downtown Seattle to Tukwila International Boulevard Station on July 18 and a 1.7-mile extension to Seattle-Tacoma International that will open in December. Average daily ridership is projected to be 26,000 riders. (ffd: Seattle News Tribune, RT&S)

(FRI) The State of Wisconsin announced that it would buy two high-speed passenger trainsets from Spain's Talgo. A state spokesman said that the trainsets, together costing \$48 million, will initially be put in service between Milwaukee and Chicago. (ffd: Wisconsin State Journal)

(FRI) Canadian Pacific Railway announced that it had reached a tentative agreement with the United Steelworkers Union, which represents 1,100 CPR clerical and intermodal terminal workers. No details were released pending a ratification vote, but if approved, the new agreement will run through December 31, 2012. CPR announced that it has no other collective bargaining underway, although it will be negotiating a new contract with its Canadian maintenance-of-way workers later this year. (ffd: Toronto Globe & Mail)

(FRI) Officials in Jackson, TN announced the renovation of the home of Casey Jones, the legendary Illinois Central engineer who was immortalized in a song about the 1900 train accident in which he perished. The Casey Jones Home & Railroad Museum now includes a new 8,000-square-foot museum, designed as a 1890s train station, located next to the home. (ffd: The Tennessean)

STATS:

(THU) For the week ending July 11, 2009, U.S. rail volume grand totaled 28.0 billion ton-miles, down 16.9 percent from the comparable week last year. U.S. carload rail traffic was down 17.9 percent – down 25.6 percent in the East and down 12.8 percent in the West – U.S. intermodal rail traffic was down 23.7 percent, Canadian carload rail traffic was down 24.6 percent, Canadian intermodal rail traffic was down 21.4 percent, Mexican carload rail traffic was down 12.5 percent, and Mexican intermodal rail traffic was down 23.7 percent.

For the period January 1 through July 11, 2009, U.S. rail volume grand totaled 751.7 billion ton-miles, down 18.2 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was down 19.2 percent, U.S. intermodal rail traffic was down 17.1 percent, Canadian carload rail traffic was down 24.0 percent, Canadian intermodal rail traffic was down 15.9 percent, Mexican carload rail traffic was down 15.0 percent, and Mexican intermodal rail traffic was down 22.1 percent. (ffd: AAR)

(Note 1: Canadian National (CN) now incorporates traffic of the Elgin, Joliet & Eastern Railroad (EJE). All CN 2008 and 2009 data has been restated on a pro-forma basis by the AAR, off of whose weekly press release this information is sourced, to include EJE traffic as if it was part of CN, since January 1, 2008.)

(Note 2: Related to the above, and as has been the case, Canadian traffic totals include those of the U.S. operations of Canadian Pacific Railway and Canadian National, the latter now including EJE.)

MORE STATS – SECOND QUARTER, 2009 RESULTS:

(MON) CSX was once again the first of the Class 1 railroads to report quarterly results. For the second quarter this year compared with the second quarter last year, CSX report revenues of \$2.185 billion versus \$2.907 billion earlier; operating income of \$582 million versus \$717 million earlier; net income of \$308 million versus \$385 million earlier; and an operating ratio of 73.4 percent versus 75.3 percent earlier. (ffd: CSX RR)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(WED) Meridian Southern Railway filed with the Surface Transportation Board to build approximately one-half mile of track near Meridian, MS. The track will allow NS to connect with Norfolk Southern. MDS's present connection with Kansas City Southern will continue. (ffd: STB)

(WED) Temple & Central Texas Railway filed to operate approximately 8 miles of line owned by the City of Temple, TX. TC will interchange with BNSF. (ffd: STB)

(THU) The Denver Regional Transportation District announced that it had agreed to buy BNSF's line between Denver's Union Station and suburban Westminster, CO. The purchase price is approximately \$93.7 million. DRTS is acquiring the line, over which BNSF will continue to have freight service rights, for future FasTracks commuter rail service. (ffd: Longmont Times-Call, RT&S)

(THU) Kansas City Southern, in partnership with Wallenius Wilhelmsen Logistic, announced that it would open a new finished vehicle distribution center. The new center will open at the CenterPoint intermodal Center, which locates 35 miles southwest of Houston, TX. The new facility will link to Nissan's manufacturing plant in Aguascalientes, MX and the Pacific port of Lazaro Cardenas, MX. (ffd: wire services)

(THU) Norfolk Southern announced that it would build a new intermodal terminal in Rossville, TN to serve the Memphis region. The facility at Rossville will cover 570 acres and is expected to open by January, 2012. The previous week, Norfolk Southern announced that it would also build a new intermodal terminal at McCalla, AL. (ffd: NS RR, RT&S)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(TUE) New York Governor David Paterson announced the appointment of Jay Walder as chairman of the New York Metropolitan Transportation Authority. Mr. Walder was most recently a partner at the London office of McKinsey Consultants, and was earlier the Managing Director of Finance and Planning at London Transport. (ffd: New York Daily News)

(TUE) Tom Werner was elected chairman of the board of directors of AAR subsidiary Railinc. Mr. Werner is the VP-Information Technology of Norfolk Southern. Railinc also announced the appointment of Canadian Pacific's VP-Information Technology Heather Campbell to its board, succeeding Allen Borak, who recently retired. (ffd: Railinc)

(THU) BNSF announced the retirement of John Clark. Mr. Clark, a 38-year employee of BNSF and predecessor railroads, was most recently its AVP-Resource Protection. (ffd: BNSF RR)

(FRI) Progressive Railroading Magazine announced that retiring Canadian National CEO Hunter Harrison had been named recipient of its Railroad Innovator Award. Mr. Harrison will be presented with the award at the magazine's RailTrends conference to be held October 6-8 in New York City. (ffd: Progressive Railroading)

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Dave Mears

Cherry Hill, NJ