

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING JULY 31, 2009

BY DAVE MEARS

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

(SUN) VIA Rail locomotive engineers ended their two-day strike against the Canadian national passenger rail carrier. The railroad and the striking locomotive engineers, represented by the Teamsters Canada Rail Conference, agreed to final and binding arbitration. VIA locomotive engineers have been without a new contract since December 31, 2006. Later in the week, VIA announced discounts of up to 60 percent on fares to lure passengers back, but the overwhelming demand for discounted tickets notably slowed VIA's telephone reservation system and website. "We normally have 1,500 hits on our website each day, but we had over 12,000 hits today," said a VIA spokesman on Thursday. (ffd: Progressive Railroading, Trains)

(MON) Montana Rail Link reported that it was continuing to clear a July 20 cave-in in its Mullen Tunnel on its ex-Northern Pacific line between Helena and Missoula, MT. The tunnel, which crosses under the Continental Divide, was undergoing an \$18-million renovation when the partial cave-in occurred. A MRL spokesman that it hopes to have the tunnel open and back in service on or about August 5. (ffd: Helena Independent Record, RT&S, Trains)

(MON) Eight Midwestern governors and Chicago Mayor Richard Daley announced that they had reached agreement to jointly solicit federal stimulus funding for "Chicago Hub" high-speed passenger rail corridor services. The governors were from the states of Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Ohio and Wisconsin. The agreement and partnership, which includes the participation of representatives from Class 1 railroads operating in these states, is designed to coordinate each state's individual application to the Federal Railroad Administration for funding. (ffd: Progressive Railroading)

(MON) The Long Island Rail Road announced that it had launched a campaign to address and attempt to reduce suicide by train. The LIRR's effort includes putting up poster at its stations that include the telephone number of a suicide prevention hotline. The poster features a set of train tracks and the message, "Suicide is not the route." There have been five suicides by train through May of this year on the LIRR, and a total of seven in 2008 and 16 in 2007. (ffd: Newsday)

(TUE) A new study suggests that a multi-faceted approach would be best in helping combat adverse climate change. The study, entitled "Moving Cooler," suggests that expanded public transit strategies coordinated with combined travel activity, land use development, and operational efficiencies can reduce greenhouse gas emissions by 24 percent through 2050. The study was conducted by Cambridge Systematic. (ffd: APTA)

(WED) The New York City Council approved a land use plan for Manhattan construction of the two new passenger rail tunnels being built under the Hudson River. The approval allows construction work on the tunnel to be ongoing simultaneously on both sides of the river; construction of the tunnels has already started on the New Jersey side. The approval affirms the earlier change in plans for the tunnels to end in Manhattan at a new station under 34th Street and not integrate into the Penn Station complex. The new station terminus will, however, have passenger pathway access to Penn Station and the Sixth Avenue subway line. (ffd: PANYNJ, Progressive Railroading)

(WED) the New York Metropolitan Transportation Authority released its 2010 preliminary budget and a proposed four-year financial plan for 2010-2013. The preliminary budget proposes total operating revenue of \$6.4 billion and total operating expense of \$13.5 billion. The 2010 budget proposes no service cuts or fare increases for 2010. However, 7.5 percent fare increases are proposed for 2011 and 2013. (ffd: MTA, Progressive Railroading)

(THU) Daniel Elliott, the Obama Administration's nominee to chair the Surface Transportation Board, said that he would be "proactive" in addressing shippers' allegations of pricing abuses by railroads. At a Senate hearing related to his confirmation, Mr. Elliott also suggested that the 1980 Staggers Act might be outdated, given that railroads are financially stronger than they were then. Wire services reported that Mr. Elliott may gain Senate confirmation as early as this coming week. (ffd: Wall Street Journal, wire services)

(THU) Metro North Railroad noted that, in the period January through May, 2009, its ridership had fallen, its first such decline in nearly a decade. MNRR officials noted the effect on ridership of "seven consecutive months of job losses for white-collar employees in the finance, insurance and real estate industries." Other commuter railroads reporting ridership declines included South Florida's Tri-Rail, which saw 11,716 daily riders in June this year compared with 15,408 in June last year, and Dallas-Fort Worth's Trinity Rail Express, whose ridership was down 11.8 percent this June compared with last June. (ffd: wire services)

(FRI) Two rail-related charitable endeavors were publicized. In western Maryland, a fund was started to assist the family farm of John Helmstetter, which recently suffered a barn fire and livestock loss. The farm locates along what has come to be called "Helmstetter's Curve" on the Western Maryland Scenic Railroad. Mr. Helmstetter has long been accommodating of rail photographers coming onto or near his property to take rail photographs. Also and in central Ohio, the Hocking Valley Scenic Railroad announced that it would host a special "Ride For The Cure" train on Saturday, August 22, with all fare proceeds going to the American Cancer Society. The Hocking Valley Scenic is the former C&O line running out of Columbus to Nelsonville, OH. For information on the first item, link to helmstetterfarm.org, and for the second item, link to hockingvalleytrain.com. (ffd: Cumberland times-News, Hocking Valley Scenic RR)

STATS:

(THU) For the week ending July 25, 2009, U.S. rail volume grand totaled 29.3 billion ton-miles, down 16.3 percent from the comparable week last year. U.S. carload rail traffic was down 17.4 percent – down 20.0 percent in the East and down 15.6 percent in the West – and U.S. intermodal rail traffic was down 17.9 percent, Canadian carload rail traffic was down 18.4 percent, Canadian intermodal rail traffic was down 17.1 percent, Mexican carload rail traffic was down 13.8 percent, and Mexican intermodal rail traffic was down 15.0 percent.

For the period January 1 through July 25, 2009, U.S. rail volume grand totaled 809.7 billion ton-miles, down 18.1 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was down 19.1 percent, U.S. intermodal rail traffic was down 17.2 percent, Canadian carload rail traffic was down 23.8 percent, Canadian intermodal rail traffic was down 16.2 percent, Mexican carload rail traffic was down 14.7 percent, and Mexican intermodal rail traffic was down 21.8 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:

(TUE) For the second quarter this year compared with the second quarter last year, Norfolk Southern reported revenues of \$1.857 billion versus \$2.765 billion earlier; operating income of \$468 million versus \$799 million earlier; net income of \$247 million versus \$453 million earlier; and an operating ratio of 74.8 percent versus 71.1 percent earlier. Discussing second quarter results

and the current economic situation, NS CEO Wick Moorman said that “it does feel...like we’ve reached bottom. It also seems likely that the economic recovery will take some time.” Mr. Moorman also said that they expected no fall intermodal peak this year. “The big piece [of the fall peak season] in the past has been this surge of international boxes,” said Mr. Moorman, “but none of our customers is telling us that we are going to see much of one in 2009.” (ffd: NS Corp., Trains, wire services)

(THU) For the second quarter this year compared with the second quarter last year, Canadian Pacific reported revenues of \$C1.022 billion versus C\$1.220 billion earlier; operating income of C\$225.8 million versus C\$250.9 million earlier; net income of C\$157.3 million versus C\$154.7 million earlier; and an operating ratio of 77.9 percent versus 79.1 percent earlier. (ffd: CPR Corp.)

(THU) For the second quarter this year compared with the second quarter last year, Kansas City Southern reported revenues of \$341.3 million versus \$486.2 million earlier; operating income of \$43.4 million versus \$104.6 million earlier; net income of \$7.3 million versus \$55.5 million earlier; and an operating ratio of 87.3 percent versus 78.5 percent earlier. (ffd: KCSR Corp.)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(THU) Energy Solutions Corp. announced that they were purchasing, from Heritage Railroad Corp., the rail line between Oak Ridge, TN and the connection with Norfolk Southern at Blair, TN. The 12-mile line transports mainly radioactive materials from Energy Solution’s waste processing facility in Oak Ridge to the company’s landfill in Clive, UT. (ffd: Knoxville News Sentinel)

(THU) The Hotel Monaco Baltimore, a “luxury boutique” hotel, opened in the building that was for many years the headquarters of the Baltimore & Ohio Railroad. The building, which locates at Two Charles Center, was the B&O’s main office from its 1906 construction until the late 1970s and early 1980s, when the company was absorbed into the Chessie System. (ffd: Baltimore Sun)

(Note: The Surface Transportation Board’s website was down over the weekend for maintenance. STB notices of filings for discontinuance of service, permissions for abandonment, etc. that occurred during the week ending July 31 will be included in next week’s edition.)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(MON) BNSF appointed Stephen Harris its Chief Mechanical Officer. Mr. Harris was most recently the plant manager of GE Transportation’s Grove City, PA facility. (ffd: Progressive Railroading)

(MON) Metro North Railroad announced the following appointments: Raymond Burner, most recently MNRR’s Senior Director-Labor Relations, to be SVP-Administration; Robert MacLagger to be VP-Planning; and Seth Cummings to be VP and general counsel, succeeding Richard Bernard, who retired in September, 2008. (ffd: Progressive Railroading)

(MON) The National Mediation Board announced that Harry Hoglander had been reconfirmed by the Senate as a member of the board. Also on the NMB are Elizabeth Dougherty and Linda Puchala, with Ms.Dougherty currently serving as board chairman. (ffd: NMB, wire services)

(MON) Shortline conglomerate OmniTRAX appointed Gary Long its president and CEO. Mr. Long was recently a senior vice-president of Wallenius Wilhelmsen Logistics. (ffd: OmniTRAX Corp.)

(MON) Parsons Brinckerhoff announced the appointment of Cliff Eby as senior vice-president of its Washington, DC office. Mr. Eby was most recently the deputy administrator of the Federal Railroad Administration, who resigned at the end of the Bush Administration and was succeeded by Karen Rae. (ffd: Mass Transit Magazine)

(FRI) The New York Times reported on the retirement this day of Joseph Cirillo, the company tailor for Metro North Railroad. Mr. Cirillo, who is Age 70 and has been with MNRR since 1990, worked out of an office in Grand Central Terminal. According to the NYT report, his tailoring duties for MNRR employees included everything from "custom-fitting [uniforms] to fixing buttons between trains." The railroad has not yet appointed a replacement tailor. (ffd: New York Times)

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Cherry Hill, NJ