

## WEEKLY RAIL REVIEW

FOR THE WEEK ENDING AUGUST 7, 2009

BY DAVE MEARS

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

(SUN) A second cave-in occurred in Montana Rail Link's Mullan Tunnel, which cuts under the Continental Divide on the former Northern Pacific main line near Blossburg, MT. The first cave-in occurred on July 20. Repairs continue to clear the 1880s-era tunnel, which had been undergoing daylighting and renovation work. (ffd: Trains)

(MON) Despite a budget crisis of historic proportions, California Governor Arnold Schwarzenegger signed into law budget revisions that nevertheless continued full funding for state-supported passenger rail services operated by Amtrak. Also, high-speed rail development will receive \$139.2 million from Proposition 1A bonds passed by Californians in the November, 2008 election. (ffd: NARP)

(TUE) In hearings about transit held in Washington by the House Senate Banking, Housing and Urban Affairs Committee, Peter Rogoff, the new chief administrator of the Federal Transit Administration, commented that there was very little federal oversight of urban transit systems. "The new administration finds this unacceptable and we expect to propose reforms," Mr. Rogoff said. Also at the hearing, state and local transit officials testified that transit systems would continue to deteriorate without additional federal funds. The officials called for "significant capital investments" to modernize and otherwise bring these systems to a state of good repair. (ffd: Los Angeles Times, wire services)

(TUE) CSX and the Brotherhood of Locomotive Engineers and Trainmen said that they had reached tentative agreement on a new five-year contract. The new contract raises pay approximately 16 percent over five years and increases performance bonuses tied to CSX financial results. CSX and Norfolk Southern negotiate BLET contracts separate from national contracts, talks for which are scheduled to begin this fall. (ffd: CSX RR, Journal of Commerce)

(WED) A forecasting firm has estimated a decline in new rail car orders and deliveries, as was expected. In a report, Economic Planning Associates forecasts that 24,800 new freight cars will be delivered in 2009 and 14,750 will be delivered in 2010. The report goes on to suggest that "after two dismal years," delivered will moderately rebound to 27,500 in 2011 and then increase annually to 57,000 by 2014. (ffd: Progressive Railroading)

(WED) Amtrak President Joe Boardman debuted the first Amtrak Superliner-class passenger car to be rebuilt with federal stimulus funding. The car, which was earlier wreck-damaged, was the first of 21 such cars to be rebuilt this year at Amtrak's Beech Grove shops. Amtrak has said that they will rebuild a total of 81 bad-order passenger cars with stimulus funding. (ffd: Trains)

(THU) RailAmerica, the short line holding company, announced plans for an initial public stock offering. Fortress Investments, which controls RailAmerica, has said that "...taking advantage of an improved stock market to raise money..." it plans to sell \$300 million in RailAmerica stock, which will be listed on the New York Stock Exchange under the symbol "RA". (ffd: Fortress Corp., RailAmerica RRs)

(FRI) The New York City Transit Authority announced that it has expanded an earlier pilot program such that every subway line now has its own general manager. A NYCTA spokesman said that operations and maintenance of a line's stations, cars, tracks, and platforms are now overseen by its general manager, who are expected to spend most of the workday out in the stations speaking with riders and tackling problems on the fly. In a related story, NYCTA noted that its No. 6 train on its Lexington Avenue Line line serves 700,000 passengers on an average weekday, a number more than the entire Chicago subway system

and twice as many as San Francisco's. Four city subway trains – the Nos. 1, 4 and 6, and the F – have more passengers on an average weekday than the entire Boston subway system. (ffd: New York Times)

#### STATS:

(THU) For the week ending August 1, 2009, U.S. rail volume grand totaled 29.3 billion ton-miles, down 17.7 percent from the comparable week last year. Also for the week, U.S. intermodal rail traffic was down 16.1 percent, Canadian carload rail traffic was down 22.1 percent, Canadian intermodal rail traffic was down 16.5 percent, Mexican carload rail traffic was down 32.9 percent, and Mexican intermodal rail traffic was down 22.1 percent.

For the month of July, 2009 compared with July, 2008, U.S. carload rail traffic was down 17.5 percent. All commodities declined, notably coal down 9.9 percent, crushed stone and gravel down 25.8 percent, and metals and metal products down 47.7 percent. Also for the month, U.S. intermodal rail traffic was down 18.0 percent, Canadian carload rail traffic was down 22.0 percent, Canadian intermodal rail traffic was down 19.2 percent, Mexican carload rail traffic was down 23.1 percent, and Mexican intermodal rail traffic was down 25.4 percent.

For the period January 1 through July 31, 2009 and compared with that period last year, U.S. carload rail traffic was down 19.0 percent, U.S. intermodal rail traffic was down 17.2 percent, Canadian carload rail traffic was down 23.8 percent, Canadian carload rail traffic was down 16.2 percent, Mexican carload rail traffic was down 15.4 percent, and Mexican intermodal rail traffic was down 21.8 percent. (ffd: AAR)

(NOTE: 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 the former Elgin, Joliet & Eastern Railway.)

#### MORE STATS – RAIL SAFETY FOR JANUARY THROUGH MAY:

(WED) The Federal Railroad Administration reported that, for the first five months of this year versus the first five months of last year, reportable train accidents declined sharply, likely the result of declining traffic levels. In these first five months, there were 736 such accidents, compared with 1,042 earlier. The highest percentage this year was due to track defects, 239 representing 32.47 percent, while last year the highest percentage was due to human factors, 372 representing 35.7 percent. (ffd: Journal of Commerce, FRA)

#### EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) Montreal's Windsor Station was sold by Canadian Pacific Railway to Cadillac Fairview Corporation. The terms of the sale provide for CPR offices to remain a principal tenant of the station, which was built in 1889. Windsor station was CPR's headquarters until 1996, when CPR moved its main office west to Calgary. Intercity passenger trains were shifted from Windsor Station to Central Station in the early 1980s and commuter trains were shifted to a new station facility near Windsor Station in the mid-1990s. (ffd: CPR RR, Trains)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(FRI) Daniel Elliott was confirmed by the U.S. Senate to be chairman of the Surface Transportation Board. Mr. Elliott was most recently a legal counsel of the United Transportation Union. Mr. Elliott's nomination process had been temporarily put on hold after the UTU posted a statement on its website earlier in the week saying that, "The selection by President Obama of Dan Elliott and [former UTU legislative director] Joe Szabo to head major transportation regulatory agencies is a tribute to the political influence of the UTU, which flows from the UTU PAC [political action committee]." Senate Commerce Committee Chair Jay Rockefeller (D-WV) said of the UTU statement, "In the many years that I have been in this body, that is one of the most embarrassing, ridiculous, self-aggrandizing, inappropriate, harmful, and a few other words press release I can remember." UTU International President Mike Futhey later issued an apology on behalf of the union for "this inaccurate and inappropriate statement." (ffd: Los Angeles Times, wire services)

(FRI) Indiana Rail Road announced the appointment of Robert Babcock to be its VP-Operations; Peter Ray to be its VP-Engineering; and Michael Engel to be its Chief Accounting Officer. (ffd: Indiana RR, Trains)

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BE SAFE AND PROSPER,

Dave Mears

Cherry Hill, NJ