

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, MARCH 5, 2010

BY DAVE MEARS

(Note: I will from now on note in this section the date that the previous edition was sent, this in case it is helpful information to anyone who may not have received that issue due to it possibly having been caught in or deleted by a spam filter. The last edition, for the week ending February 26, was sent on March 1.)

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

(MON) Reflective of last year's weak economy and high unemployment, the New York City Transit Authority reported that its 2009 subway and bus ridership declined 2.7 percent, the first annual ridership drop in six years. However, the total subway ridership of 1.6 billion was the second highest since 1951 and the average weekday bus and subway ridership of 7.4 million was the second highest since 1969. (ffd: NYMTA, Progressive Railroading)

(MON) New York's Metropolitan Transportation Authority noted its concern about the high cost and comparatively low additional benefit of installing positive train control (PTC) on its Long Island and Metro North Railroads. A NYMTA spokesman said that PTC, which is projected to cost the LIRR and MNRR a total of \$700 million to install and activate, would have "marginal benefit" and "introduces significant cost and risk to a rail system that currently has a high degree of safety." PTC is required by 2008's Railway Safety Improvement Act to be installed on intercity and commuter rail lines by the end of 2015. (ffd: New York Post)

(MON) Two commuter rail authorities began taking delivery of new passenger railcars. In California, Metrolink took delivery of the first two of a total of 117 railcars that are equipped with new collision-absorption technology. In Philadelphia, SEPTA took delivery of the first three of a total of 120 Class Silverliner V railcars. South Korea's Hyundai-Rotem is producing both of these orders, however, final railcar assembly is being done in the U.S. (ffd: Progressive Railroading)

(MON) Amtrak announced that wireless Internet access was now available on all its Acela Express trains. Amtrak also announced that wi-fi was now also available at its stations in Washington, Baltimore, Philadelphia, New York City, Providence and Route 128 near Boston. (ffd: Amtrak, wire services)

(TUE) Attempting to address a projected \$300 million total budget shortfall for fiscal years 2010 and 2011, New Jersey Transit announced plans for a 25 percent fare increase and service reduction of at least two trains on each of its 11 rail lines. NJT also said that it expected to trim about two percent of its workforce, will reduce its contribution share to employee 401K accounts by one-third, and will reduce executive salaries by five percent. (ffd: Newark Star-Ledger, Progressive Railroading)

(TUE) President Obama signed into law an act to extend federal highway and transit funding through March 28. An earlier funding extension recently expired. In a related story, U.S. Secretary of Transportation Ray LaHood said that the Administration plans to move forward with a "comprehensive, robust transportation bill." Mr. LaHood commended a comprehensive federal transportation bill presented last fall by House Transportation & Infrastructure Committee Chair James Oberstar (D-MN), but said that the bill's \$450 billion in funding was too high given the current economic conditions. (ffd: Journal of Commerce, Progressive Railroading)

(TUE) Kansas City officials announced a new plan to keep open Kansas City Union Station, which was redeveloped nearly a decade ago primarily as a cultural and entertainment attraction, but that has been losing money ever since. Officials said that they were looking to utilize the station's approximately 35,000 square feet of empty office space, possible for use by the Greater

Kansas City Chamber of Commerce or the Kansas City Area Development Council. (ffd: Kansas City Star, RT&S)

(WED) BNSF CEO Matt Rose cautioned against eliminating coal as a domestic energy source. "The railroad will survive if we get rid of every coal asset in the country," Mr. Rose said. "The problem is, the country won't survive." Mr. Rose added, "[if you] shut down a coal plant that can produce [electricity] at 2-1/2 or 3 cents a kilowatt and replace it with alternative energy at 10 or 15 or 20 cents....it will be the greatest job destroyer that our country has ever seen." Mr. Rose said that carbon capture and sequestration technology currently being tested was a solution to removing carbon emissions from coal-fired plants. (ffd: Bloomberg News, Trains)

(WED) Kansas City Southern CEO Mike Haverty said that acquisition rumors about KCS have no basis at the present time. "We're not in any discussions with anybody about being acquired, I can tell you that," Mr. Haverty said. He also noted that, this quarter this year versus the first quarter last year, the railway's U.S. traffic was up just under 4 percent and its Mexican traffic was up nearly 25 percent. (ffd: wire services)

(THU) A report prepared by the U.S. Federal Transit Administration was notably critical of Washington, DC's Metro subway system. The report cited Metro for problems including that it had no process in place to ensure that unsafe situations are identified in a timely fashion and that its top management is not updated regularly about safety matters. In the last year, Metro has been the subject of increased criticism of its operations and safety, especially since the mid-2009 rear-end collision on its Red Line that killed several passengers and injured scores of others. (ffd: Washington Post)

(THU) A survey conducted as part of the Canadian Government's Rail Freight Service Review process found substantial dissatisfaction with rail service provided by Canada's two major railways, Canadian National and Canadian Pacific. In a survey of 269 rail shippers, only about 17 percent indicated that they had a good level of satisfaction with their service. Additionally, 62 percent of those surveyed said that they had suffered financial loss due to unsatisfactory service. (ffd: Financial Post, Montreal Gazette)

(THU) U.S. Senator Susan Collins of Maine said that she had secured the commitment of Secretary of Transportation Ray LaHood to protect rail lines in the state threatened with abandonment. The Montreal, Maine & Atlantic recently said that it would have to abandon 233 miles of its lines in the state if a buyer can't be found for them. In a senate hearing, Mr. LaHood stated that he would ask FRA Chief Administrator Joe Szabo to go to Maine to meet "with all the stakeholders and...figure out some kind of funding opportunity to make sure that these rail lines are not closed down." (ffd: RT&S)

(FRI) The release was noted of a new book about the Union Pacific Railroad. The book, appropriately titled "Union Pacific Railroad" and published by Voyageur Press, chronicles the history of the railroad from its 1862 inception through the present day. The book notes that UP is the second-largest landholder in the Western United States after the federal government, that it is the longest-standing corporate name in U.S. history, and that its corporate insignia and colors have remained unchanged since 1941. (ffd: Auburn Reporter)

STATS – CLASS 1 RAIL TRAFFIC:

(THU) For the week ending February 27, 2010, U.S. rail volume grand totaled 31.6 billion ton-miles, up 3.9 percent from the comparable period last year. U.S. carload rail traffic was up 2.6 percent, up 3.3 percent in the East and up 2.0 percent in the West. Notable carload increases for the week included metals and metal products up 45.8 percent, non-grain farm products up 39.8 percent, and grain mill products up 22.1 percent. Also for the week, U.S. intermodal rail traffic was up 17.5 percent, Canadian carload rail traffic was up 12.2 percent, Canadian intermodal rail traffic was up 11.0 percent, Mexican carload rail traffic was up 17.0 percent, and Mexican intermodal rail traffic was up 59.2 percent.

For the period January 1 through February 27, 2010, U.S. rail volume grand totaled 233.4 billion ton-miles, down 0.2 percent from

the comparable period last year. Also for this period, U.S. carload rail traffic was down 1.1 percent, U.S. intermodal rail traffic was up 6.1 percent, Canadian carload rail traffic was up 12.4 percent, Canadian intermodal rail traffic was up 4.7 percent, Mexican carload rail traffic was up 23.1 percent, and Mexican intermodal rail traffic was up 34.9 percent. (ffd: AAR)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(TUE) GE Transportation announced the sale it would sell its inspection products business line to Progress Rail Services, a subsidiary of Caterpillar Inc. The product line includes defect detectors, data acquisition systems, and other rail inspection products. (ffd: Trains)

(TUE) Passenger train manufacturer Talgo announced that it would locate its first U.S. assembly plant at the former Tower Automotive site in Milwaukee, WI. Talgo will there manufacture two trainsets earlier ordered by the State of Wisconsin and also two trainsets more recently ordered by the State of Oregon. The latter two will be added to the existing fleet of five Talgo trainsets providing Amtrak "Cascade" service in Oregon and Washington State. (ffd: Milwaukee Sentinel, Progressive Railroading)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(THU) The Washington Metropolitan Area Transit Authority appointed Richard Sarles its interim general manager effective March 29. Mr. Sarles, who recently retired from New Jersey Transit, will succeed John Catoe, who has announced his retirement. (ffd: Washington Business Journal)

(FRI) The shortline holding company OmniTRAX appointed Alan Thiem its regional director of marketing and sales. Mr. Thiem was most recently with Wallenius Wilhelmsen Logistics, a supply chain firm. (ffd: OmniTRAX, Progressive Railroading)

(FRI) The shortline holding company Watco Companies appointed James Andrews its chief mechanical officer for the South Kansas and Oklahoma Railroad. The SKOL operates a fleet of more than 20 locomotives over its 404-mile line. (ffd: Progressive Railroading)

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BE SAFE AND PROSPER,

Dave Mears

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