

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING AUGUST 28, 2009

BY DAVE MEARS

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

(SUN) CBS News' "Sunday Morning" program featured a report on new passenger rail initiatives in the U.S. The story, reported by CBS News Correspondent John Blackstone, included animation of high-speed rail service proposed for California. Also included was President Obama's April announcement that, "Building a new system of high-speed rail in American will be faster, cheaper and easier than building more freeways and adding to an already overburdened aviation system." (ffd: CBS News)

(MON) The deadline occurred for the initial round of state application for federal high-speed rail development funds. While July's first round of "pre-applications" saw over \$100 billion in proposed projects, the final application for "Tracks 1, 3 and 4" projects saw state transportation agencies announcing less than \$7 billion in high-speed rail projects. The National Association of Railroad Passengers reported that, "The precipitous decline demonstrates how much work the FRA has been doing to encourage state transportation agencies to submit only truly shovel-ready projects. States with more ambitious plans will likely resubmit these as 'Track 2' projects, designed for long-term development of corridors, the deadline for which is October 2." (ffd: NARP, wire services)

(MON) In an interview with the Journal of Commerce, FRA Chief Administrator Joe Szabo noted that passenger rail development efforts will likely also benefit freight railroads. "It is reasonable to assume that in many cases there is going to be the need for capacity enhancements [for freight railroads]," Mr. Szabo said. In an interview with Trains Magazine Columnist Don Phillips also published Monday, Mr. Szabo called on Amtrak to do their best to seize on the current enthusiasm for passenger rail. "For its whole existence, Amtrak has been...barely alive," Mr. Szabo said. "Now they're being asked to run a marathon." (ff: Journal of Commerce, Trains)

(MON) Executives from CSX and Norfolk Southern took note of signs that the current recession may be bottoming out. At a speech before the Jacksonville Rotary Club, CSX Chief Commercial Officer Clarence Gooden, one of the industry's more charismatic executives, noted the success of the recent federal "Cash for Clunkers" program, which reduced manufacturers' inventories from 77 days of available product to 44 days. "And today is the first day all auto plants are working in months. Some of them are only on a five-day schedule, but it's better than it was," said Mr. Gooden. Later in the week, Norfolk Southern Chief Operating Officer Mark Manion noted that about 9,500 of the 35,000 freight cars stored by NS have been brought back into service over the past six weeks, as have about 200 of the 700 stored locomotives. NS still has about a quarter of its freight car fleet and about 14 percent of its locomotive fleet in storage. (ffd: Jacksonville Daily Record, Dow Jones Newswire)

(MON) Union Pacific announced that it had run the first trains over its new double-track bridge across the Des Moines River near Boone, IA the previous Thursday. The new bridge replaces the adjacent Kate Shelley Bridge, built in 1901 and named in honor of the woman who in 1881 had crawled on her hands and knees across an earlier bridge to warn approaching trains of a derailment. A UP spokesman said that there were no plans to demolish the Kate Shelley and that it may be used as a UP access road. (ffd: Trains)

(MON) Capital Metro officials said that they still did not have a new date for the start of operations of the MetroRail commuter rail line serving Greater Austin, TX. The 32-mile line was to have started service in late 2008. Officials said that they were still performing safety checks, especially related to the line's signal systems. (ffd: Daily Texan)

(MON) Passenger rail car manufacturer Bombardier unveiled the first of 160 new bilevel commuter rail cars intended for service on five commuter rail lines serving Greater Montreal, QB. Officials noted that Montreal's commuter rail network was the sixth largest in North America, and said that the new cars will raise system peak period passenger capacity by 70 percent. (ffd:

(TUE) In an interview with Bloomberg News, BNSF CEO Matt Rose criticized as “heavy-handed” provisions of last year’s Railway Safety Improvement Act that called for widespread installation of Positive Train Control. “It’s in everybody’s best interest that we lower the cost of this installation tremendously and not just turn a tin ear to the railroads’ whining about this,” said Mr. Rose. “This is one of those great examples of regulations gone awry where there will be unintended consequences.” Mr. Rose called the ratio of industry PTC cost of \$10 billion to a benefit of \$600 million “horrible.” (ffd: Bloomberg News)

(TUE) U.S. Customs officials noted increased efforts to smuggle marijuana aboard rail cars crossing into the U.S. from Mexico, as well as their increased efforts to stop it. Customs officials said that they had seized 1-1/2 tons of weed out of rail cars in the last six months, compared with only 367 pounds in all of 2008. Officials noted that smugglers will sometimes weld a false wall into a car’s interior or sabotage trains to stop them and then quickly stow the contraband on board before the train continues. Cars are then tagged with graffiti or other markings so that U.S. dealers can spot their “delivery.” (ffd: wire services)

(WED) Canadian Pacific announced that they had suspended 19 land condemnation lawsuits in Wyoming, land sought by the Dakota, Minnesota & Eastern Railroad, recently acquired by CPR, for a new rail line accessing the Wyoming’s Powder River Basin coal fields. A CPR spokesman announced that it would now pursue negotiations with Wyoming landowners outside the court system. The spokesman added that it represented only a “change of tactics” and not an abandonment of want to access the Powder River Basin. (ffd: Casper Star-Tribune, Trains)

(WED) Amtrak announced that it will add a second daily train operating between Washington, DC and Lynchburg, VA effective October 1. The train, funded largely by the State of Virginia, will operate northbound to Washington in the morning and southbound to Lynchburg in the evening, and will supplement service provided on the line by Amtrak’s “Crescent,” which operates between Washington and New Orleans, LA. (ffd: Trains)

(WED) Union Pacific announce ShipCarsNow.com, a subsidiary of Insight Network Logistics and part of UP. The new website is designed to enable auto traders and remarketers to ship used cars seamlessly using rail and/or trucks, depending on which mode best suits their price and timing requirements. Also this date, Union Pacific announced that it will hold groundbreaking ceremonies on September 3 for its new 785-acre intermodal facility in Joliet, IL. The new facility, to be part of the CenterPoint Industrial and Logistics Park, is expected to open late next year. (ffd: Progressive Railroading, Union Pacific RR)

(THU) Progressive Railroading announced plans to next month launch HSRupdates.com, a new website devoted to high-speed passenger rail topics. To go live on September 8, the website will feature a state-by-state listing of near and long-term HSR plans, as well as projects and proposals, including any work the states have completed to date. (ffd: Progressive Railroading)

(THU) A ribbon-cutting ceremony was held for the new building of the National Railroad Museum in Hamlet, NC. The museum holds and exhibits numerous railroad artifacts and memorabilia. The museum is open Saturday and Sunday afternoons, and may be also be seen by appointment. (ffd: Richmond County Daily Journal)

(FRI) Metrolink’s governing board voted to begin negotiations on a sole-source contract with Amtrak to operate the system’s commuter rail trains, which serve the Greater Los Angeles area. The current train operator, Connex, has indicated that they will not seek renewal of their contract. Prior to 2005, Amtrak provided crew and other operating services to Metrolink. (ffd: Los Angeles Times)

(FRI) VIA Rail Canada announced the launch of the “Montreal-Toronto Bike Train Initiative.” The new service features two trains daily each way between the two cities that include a baggage car in their consist. The baggage car is equipped with bike racks that eliminate the need to box bikes for transport. (ffd: VIA Rail Canada)

STATS:

(THU) For the week ending August 22, 2009, U.S. rail volume grand totaled 29.8 billion ton-miles, down 15.6 percent from the comparable period last year. U.S. carload rail traffic was down 16.1 percent, but notably, the week's 279,478 carloads were the highest weekly total since early March. Also for the week, U.S. intermodal rail traffic was down 16.2 percent, Canadian carload rail traffic was down 15.3 percent, Canadian intermodal rail traffic was down 19.2 percent, Mexican carload rail traffic was down 1.4 percent, and Mexican intermodal rail traffic was down 3.1 percent.

For the period January 1 through August 22, 2009, U.S. rail volume grand totaled 927.7 billion ton-miles, down 17.9 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was down 18.8 percent, U.S. intermodal rail was down 17.1 percent, Canadian carload rail traffic was down 23.6 percent, Canadian intermodal rail traffic was down 16.4 percent, Mexican carload rail traffic was down 14.8 percent, and Mexican intermodal rail traffic was down 20.6 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 EJE.)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(WED) A consortium of Alberta grain producers announced that they had been the winning bid to purchase the rail line between Camrose, AB and Alliance, AB. A spokesman for the group, known as the Battle River Railway New Generation Co-op, said, "We will purchase 52 miles of track and about 700 acres of land for C\$4.8 million." The group said that they hope to serve "both farmers and non-farmers." (ffd: RT&S)

(WED) The Reading & Northern Railway filed to discontinue service over approximately nine miles of line between Leesport, PA and Hamburg, PA. (ffd: STB)

(THU) The Surface Transportation Board approved the Port Of Moses Lake, WA's earlier application to construct and acquire approximately 12 miles of new line in and around Moses Lake, WA. (ffd: STB)

(THU) Union Pacific filed to abandon, and the Fort Worth & Dallas Belt filed to discontinue service over, approximately one mile of the North Fort Worth Branch in Tarrant County, TX. (ffd: STB)

(FRI) BNSF filed to abandon approximately seven miles of line between Post Falls, ID and Coeur d'Alene, ID. (ffd: STB)

(FRI) Sterlite Corporation filed to acquire and operate the Copper Basin Railway, including its main line between Magma, AZ and Winkelman, AZ, as well as branch lines off of that main. (ffd: STB)

(FRI) Progressive Rail filed to acquire, from Canadian National, approximately 24 miles of former Wisconsin Central lines. The lines being acquired are the Almena-Cameron Branch between Almena, WI and Cameron, WI, and the Rice Lake-Cameron Branch, between Rice Lake, WI and Cameron, WI. (ffd: STB)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(MON) Kansas City Southern announced the promotion of Oscar Del Cueto from VP-Transportation to VP-Operations for Kansas City Southern de Mexico. KCS also announced the promotion of Daniel Torres from KCS Southeast Division Superintendent to KCSM General Superintendent-Transportation. (ffd: KCS Corp.)

(WED) Alan Kiepper passed away in Annapolis, MD at Age 81. Mr. Kiepper had a long and distinguished career in transit, having been GM of the Metropolitan Atlanta Rapid Transit Authority and the Houston Metropolitan Transit Authority, and had also been the president of the New York City Transit Authority. (ffd: Railway Age)

(THU) The League of Railway Industry Women announced that Lupe Valdez was its 2009 "Outstanding Woman of the Year." Ms. Valdez is a director of public affairs for Union Pacific. (ffd: Progressive Railroading)

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BE SAFE AND PROSPER,

Dave Mears

Cherry Hill, NJ