

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, FEBRUARY 18, 2011

BY DAVE MEARS

(NOTE: In case it is helpful to anyone who may not have received the last edition sent due to it possibly having been caught in or deleted by a spam filter, please know that it was sent February 15 for the week ending February 11.)

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

(MON) The Obama Administration proposed their budget for the Fiscal Year 2012. The budget includes \$8 billion in FY2012 and \$53 billion total over the next six years for high-speed passenger rail, and calls for a \$556 billion, six-year surface transportation reauthorization plan. It proposes moving Amtrak stand-alone subsidies out of the annual appropriations process and into the six-year plan, and also includes \$30 billion over six years to create a new national infrastructure bank to fund projects that would have national and regional significance to the nation's economy. (ffd: Progressive Railroading)

(MON) Amtrak announced its FY2012 federal budget request. The request includes \$1.285 billion for infrastructure improvements, \$616 million for operating subsidies, and \$271 million for debt service. Included in the request is a plan to acquire 40 more cars for its Acela Express service, such as would allow two coaches to be added to each of the 20 Acela trainsets. In its request, Amtrak noted that it was now covering 85 percent of its operating costs with ticket and other revenue. (ffd: Amtrak, Railway Age)

(MON) A spokesman for Chicago commuter rail operator Metra admitted that the agency should have been better prepared for the February 2 blizzard that brought two feet of snow to the region. The blizzard resulted in Metra having to shut down some of its lines for the first time in its history. The spokesman said that Metra also believes it did not do a good job of getting word out to riders about reduced and delayed service. (ffd: Chicago Tribune)

(TUE) The U.S. Department of Transportation's Credit Council Committee approved a Railroad Rehabilitation and Improvement Financing (RRIF) loan to the Alameda Corridor Transportation Authority. The authority had applied for a \$83.7 million RRIF loan to refinance a portion of its outstanding debt. (ffd: Progressive Railroading)

(TUE) The Surface Transportation Board announced new filing fees. An STB spokesman said that, whereas shippers have previously been charged up to \$20,600 for such filings, they would now be charged only \$350 to file a rate or unreasonable practice complaint. The fee to file an expedited small rate case will remain at \$150. (ffd: STB)

(TUE) Amtrak announced that it now has its own dedicated section, or channel, on the YouTube website. Amtrak said that the channel will feature videos with information on topics such as "safety and security, the Trails & Rails program, and the Amtrak vision for high-speed rail." The channel will also feature videos from Amtrak employees on Amtrak trips, customer experiences, and travel tips. (ffd: Amtrak, RT&S)

(WED) Florida Republican Governor Rick Scott renounced the \$2.3 billion in previously announced federal funding for the development of high-speed passenger rail service between Orlando and Tampa. The governor said that project "would be far too costly to taxpayers and...the risk far outweighs the benefits." The governor's action received much criticism, including from fellow Florida Republican John Mica, who chairs the House Transportation & Infrastructure Committee. Following Mr. Scott's announcement, several state governors requested Transportation Secretary Ray LaHood to redirect the Florida funding to high-speed rail projects in their states. Following a request from several federal and state representatives from Florida hoping to

work out a compromise that would allow the Orlando-Tampa project to continue, Mr. LaHood said that he would delay any further action by at least one week. (ffd: Florida Independent, NARP, Railway Age, WDBO News)

(WED) Amtrak said that it would equip 450 of its Amfleet cars with Wi-Fi equipment, such as would allow Internet access on its Northeast Regional trains and on some additional West Coast trains by the end of the year. Internet access is presently available only on its Acela Express trains in the Northeast Corridor and on its Cascade trains in the Pacific Northwest. Amtrak also said that it has now completed construction of a dedicated wireless network that significantly improves connectivity to trains while traveling through the New York tunnels and when stopped at New York Pennsylvania Station platforms. (ffd: Amtrak)

(THU) The House Transportation & Infrastructure Committee held a hearing in Washington, DC on the federal Railroad Rehabilitation & Infrastructure Financing (RRIF) program. In a prepared statement, the committee's chair, John Mica (R-FL), said that the program's barriers needed to be eliminated or reformed so that "RRIF can be an innovative and successful way to finance rail infrastructure projects, including high-speed rail." Mr. Mica noted that the average processing time for a RRIF loan is about 13-and-a-half months, instead of the 90 days stipulated in the law that set up the RRIF program. (ffd: Progressive Railroading)

(THU) The full House of Representatives defeated a budget amendment that would have cut \$446.9 million of Amtrak's federal funding for the current fiscal year. The vote against the cut was 250 to 176, which Railway Age noted was indicative "of more Republican House support for [Amtrak] than many observers anticipated." However, the National Association of Railroad Passengers noted that the House budget bill would still cut Amtrak funding from \$1.565 billion to \$1.413 billion. Once passed, the bill would then go to the Senate for debate and amendment. (ffd: NARP, Railway Age, wire services)

(THU) Officials in Honolulu, Hawaii said that they would hold a ceremonial groundbreaking and "blessing" for the city's new light rail line. Costing approximately \$5.5 billion, the new 20-mile elevated line will connect East Kapolei with Ala Moana Center, and will also serve stops that include Aloha Stadium and Honolulu International Airport. (ffd: Progressive Railroading)

(FRI) The Journal of Commerce reported that, based on Association of American Railroad statistics, approximately 57,000 freight cars had been scrapped since mid-2009, or roughly 3 to 4 percent of cars held in storage at that time. The report said that the North American freight rail fleet totaled about 1.522 million cars as of February 1, 2011, down from about 1.579 million cars in July, 2009. It noted that the AAR's Rail Time Indicators Report said that 318,773 cars or about 20.9 percent of the fleet remained idled or stored as of February 1. (ffd: AAR, JofC)

(FRI) Canadian National CEO Claude Mongeau called for Canadian grain industry stakeholders to develop a new business model that embraces innovation, increases productivity, and provides for greater collaboration in the supply chain. In a speech to the Winnipeg Chamber of Commerce, Mr. Mongeau said that "achieving greater grain supply chain efficiencies means the system needs to evolve from one that's too often characterized by adversarial relationships to one based on closer collaboration and a clear end-to-end chain perspective." He noted CN's new grain scheduling plan, which calls for CN to deliver a specific number of hoppers to specific grain elevators on designated days each week, as an example of necessary innovation. (ffd: Progressive Railroading)

STATS – CLASS 1 RAIL TRAFFIC:

(THU) The Association of American Railroads reported that, for the week ending February 12, 2011 and ranked with the comparable week last year:

- U.S. carload rail traffic totaled 274,043 units, up 6.2 percent
- U.S. intermodal rail traffic totaled 228,035 units, up 18.5 percent

- Canadian carload rail traffic totaled 69,161 units, down 1.1 percent
- Canadian intermodal rail traffic totaled 47,581 units, up 12.0 percent
- Mexican carload rail traffic totaled 13,554 units, down 6.4 percent
- Mexican intermodal rail traffic totaled 7,069 units, up 6.4 percent

For the period January 1 through February 12, 2011:

- U.S. carload rail traffic totaled 1,684,457 units, up 6.4 percent
- U.S. intermodal rail traffic totaled 1,290,347 units, up 7.8 percent
- Canadian carload rail traffic totaled 414,839 units, down 1.7 percent
- Canadian intermodal rail traffic totaled 270,499 units, up 4.0 percent
- Mexican carload rail traffic totaled 82,258 units, up 6.3 percent
- Mexican intermodal rail traffic totaled 41,872 units, up 10.7 percent

NOTE: Canadian counts include traffic from the U.S. operations of the two Canadian-based Class I railroads, Canadian National and Canadian Pacific Railway.

EXPANSIONS, CONTRACTIONS AND ALIKE:

(THU) Michigan Air-Line Railway filed to abandon approximately six miles of line in and near Wixom, MI. (ffd: STB)

(THU) Trains Magazine reported that Watco Companies would lease, from Norfolk Southern, and operate 44 miles of line between Maplesville and Montgomery, AL. Watco will operate the line as the Autauga Northern Railroad. The railroad will also operate ten miles of trackage rights over CSX. (ffd: STB)

(FRI) BNSF filed to abandon approximately seven miles of line between Rockville and Cold Spring, MN. (ffd: STB)

(FRI) Union Pacific filed to abandon approximately three miles of its Lexington Industrial Lead between Myrick and Lexington, MO. (ffd: STB)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(WED) BNSF appointed Ray Greer as the first president of its BNSF Logistics subsidiary. Mr. Greer was most recently CEO of Greatwide Logistics Services LLC. (ffd: Dallas Business Journal)

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BE SAFE AND PROSPER,

Dave Mears