

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING SAT, MAY 14, 2005

BY DAVE MEARS

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

(MON) An Idaho state judge granted BNSF's latest request to reopen its new mainline fueling facility in Rathdrum, ID, which had been ordered closed since February 23 due to the discovery of fuel leaks from the facility that threatened the aquifer beneath it. The judge's ruling followed notice of an agreement being reached between BNSF and the Idaho Department of Environmental Quality, which a state spokesman said includes requiring additional levels of testing and monitoring. A BNSF spokesman said that approximately \$7 million in repairs were performed to the facility. (ffd: Spokane Spokesman-Review, wire services)

(MON) Canadian National announced the formation of a new international freight forwarding subsidiary called CN WorldWide. A CN spokesman said that the subsidiary, which will be based in Rotterdam, Netherlands, "will schedule and manage the door-to-door movement of international shipments, including rail, trucking, maritime transportation and port handling, along with warehousing, customs and billing." The spokesman added that CN Worldwide will focus initially on shipments between Europe and Eastern Canada, and later the U.S. (ffd: CN Corp.)

(MON) Los Angeles, CA's Metropolitan Transportation Authority announced its proposed \$2.86 billion budget for Fiscal Year 2006. The proposed budget includes \$613 million for rail transit operating, construction and capital costs, including funds to begin construction of the Metro Gold Line extension to Little Tokyo, Boyle Heights and East Los Angeles. The proposed budget also includes a \$57.9 million subsidy contribution to commuter rail operator Metrolink. (ffd: Progressive Railroading)

(MON) Washington, DC transit operator METRO debuted its first subway train with an exterior temporarily wrapped in a commercial advertisement. The advertisement, which uses a wrap that still allows passengers to see in and out of train windows, pictures a fruit salad now available at McDonald's restaurants. A Metro spokesman said that owners of local McDonald's restaurants paid Metro \$54,000 for the ad. "We are at a time now where we have limitations on our funding, and we are looking at creative ways to bring revenue into our system," added the spokesman. (ffd: Washington Post)

(TUE) The National Carriers' Conference Committee, bargaining on behalf of 32 U.S. railroads, said that it had voluntarily withdrawn its earlier application for mediation of issues in dispute with the Teamsters-led Rail Labor Bargaining Coalition. The NCCC had filed for arbitration in March after the RLBC refused to bargain related to several procedural issues. An NCCC spokesman said that negotiations with the RLBC to frame a new multi-year national labor agreement would resume May 18 through 20 in Washington, DC. (ffd: National Railway Labor Conference)

(WED) In a letter to the U.S. Conference of Mayors, Secretary of Transportation Norman Mineta stated that pre-notification to communities of hazardous rail shipments is impractical. "Given that thousands of shipments crisscross U.S. cities daily and that the specific route these shipments will follow is not always known well

in advance, the issue of pre-notification is intricate and difficult." The Mayors Conference had asked the Department of Transportation and the Department of Homeland Security last January to conduct an assessment of rail notification procedures. A spokesman for the Conference said that the mayors were preparing a unified response to Mr. Mineta's letter, but added that the group's stance would likely not change. (ffd: AAR, Augusta Chronicle)

(WED) In testimony before the House Subcommittee on Railroads, Amtrak Inspector General Fred Weiderhold said that it appeared that the company that manufactured the now-cracked disk-and-spoke brake components for Amtrak's Acela trainsets had recommended their frequent inspection, but that there were no regular inspections because instructions to do so were "lost in translation" between that company and the consortium that built the trainsets. Mr. Weiderhold credited a Federal Railroad Administration inspector for discovering the cracks, after which Amtrak took all 20 of its Acela trainsets out of service. Also at the hearing, Amtrak VP-Operations William Crosbie said that Amtrak was losing an additional \$1 million each week that the Acelas were not in operation. The hearing was also marked by diverse comments from attending congressmen relating to the Acelas, with Rep. Robert Menendez (D-NJ) commenting, "I believe that the real problem [here] is unrealistic expectations and insufficient support that Amtrak has suffered from the very beginning," versus Rep. John Mica (R-FL) commenting, "This is probably the most costly and mismanaged rail project in the history of the world." (ffd: New York Times, Philadelphia Inquirer, Washington Post)

(WED) New Jersey Transit's Board of Directors approved \$53.2 million to renovate its Trenton, NJ station and \$50.8 million to renovate its Newark Broad Street station. An NJT spokesman said that renovations will triple the size of Trenton station, expanding the main building to 46,000 square feet from 19,000 square feet today, and that renovations at Newark Broad Street will include installing 2 full-length, high-level platforms, including a new center island platform that will enable passengers to board trains from all 3 tracks. The spokesman added that renovations will begin later this year and are expected to be completed by late 2007. (ffd: NJ Transit, RT&S)

(THU) In testimony before the Senate Appropriations Subcommittee, Amtrak and Department of Transportation officials predicted that the company would run out of money within 2 weeks of the end of the current fiscal year if Congress does not continue its funding. "I think we will probably limp into next year, but by 'limp' I mean we'll have about \$20 million in the bank," said Amtrak President David Gunn. "At this point, we do not have a lot of options left to conserve cash." Also testifying before the Subcommittee was Department of Transportation Inspector General Ken Mead, who noted that Amtrak has a \$5 billion backlog of state-of-good-repair projects. "We have a system that limps along, never in a state of good repair, awash in debt and perpetually on the edge of collapse," said Mr. Mead. Although Amtrak has proposed that it receive a \$1.82 billion federal funding appropriation for FY2006, several Subcommittee senators commented on the difficulty of funding Amtrak to that level while also dealing with severe budget cuts proposed by the Bush Administration for other popular programs. "Even if I were to agree that \$1.8 billion was justified, I don't see how we could provide it," said Subcommittee Chairman Christopher Bond (R-MO). (ffd: Baltimore Sun, Washington Post, NARP)

(THU) Cleveland, OH's city council began considering an ordinance to ban hazardous material shipments through its city, including those by rail. The proposed ordinance is similar in structure to the ban recently enacted by Washington, DC's city council, which was struck down by a federal appeals court earlier this month. Responding to Cleveland's actions, a spokesman for the Association of American Railroads opposed the ordinance, commenting that "rerouting is a serious issue that requires serious discussion at the federal level." (ffd: AAR, Progressive Railroading)

(THU) A bridge on Amtrak's Northeast Corridor line caught fire, significantly disrupting Amtrak and New Jersey Transit NEC train operations between Newark, NJ and New York, NY into Friday. The bridge crosses the Hackensack River and is approximately 2 miles from the west portal of Amtrak's Hudson River tunnels. An NJT spokesman said that the fire was extinguished and that the bridge was still structurally sound, but that its signal system had been

significantly damaged. Amtrak maintenance forces worked on the bridge over the weekend and, by Monday, Amtrak and NJT were able to resume normal operation over it. (ffd: CNN, NARP, wire services)

(THU) The New York City Transit Authority said that it would begin one-man operation of trains the length of its "L" subway line, which runs between the Chelsea neighborhood in Manhattan and the Canarsie neighborhood in Brooklyn, on or about June 19. All other NYCTA subway trains except some shuttles operate with both a motorman and a conductor, however, the "L" line was reengineered over the last several years with new technology allowing eventual automatic operation. A NYCTA spokesman said that "L" train motormen will control train doors additional to running the trains and will also continue aboard the trains past the startup of remote automatic operation sometime next year. (ffd: New York Times)

(FRI) A few hours after Canadian National announced that it had reached a tentative, 4-year labor agreement with the Teamsters Canadian Rail Conference, it was served with notice by the TCRC that it would strike CN May 18. A CN spokesman said that it remained "optimistic that it can reach an agreement with the TCRC without labor disruption, although no further negotiations are [currently] scheduled." The spokesman said that CN has now renewed labor agreements with all other Canadian bargaining units whose national contracts expired December 31, 2003, with the exception of the TCRC. (ffd: CN Corp., Trains)

(FRI) The Baltimore & Ohio Railroad Museum announced that it will hold a grand reopening celebration this coming Memorial Day weekend, Friday, May 27 through Sunday, May 29. The museum was initially reopened earlier this year following repairs necessitated when the weight of snow from a February, 2003 blizzard collapsed a portion of the roof of its historic roundhouse, which houses much of the museum's locomotive and rolling stock collection. A museum spokesman said that celebration activities will include the unveiling of its new state-of-the-art restoration facility, which will not only continue repairs to damaged locomotives and rolling stock, but will also be used to maintain and service these artifacts into the future. (ffd: B&O Railroad Museum, Railpace)

STATS – TRAFFIC:

(THU) For the week ending May 7, 2005, U.S. rail volume grand totaled 32.7 billion ton-miles, up 4.1 percent from the comparable week last year. Also for the week, U.S. carload rail traffic was up 3.7 percent, up 2.3 percent in the East and up 4.9 percent in the West. Notable traffic increases included non-grain farm products up 23.6 percent, coke up 11.2 percent, grain mill products up 10.6 percent and coal up 6.7 percent; notable traffic decreases included waste and scrap materials down 6.8 percent and motor vehicles and equipment down 3.4 percent. Also for the week, U.S. intermodal rail traffic was up 5.6 percent, Canadian carload rail traffic was down 3.8 percent, Canadian intermodal rail traffic was down 2.8 percent, Mexico's Transportacion Ferroviaria Mexicana's carload rail traffic was down 1.5 percent and TFM's intermodal rail traffic was up 9.9 percent.

For the period January 1 through May 7, 2005, U.S. rail volume grand totaled 572.3 billion ton-miles, up 3.5 percent from the comparable period last year. Also for the period, U.S. carload rail traffic was up 2.6 percent, U.S. intermodal rail traffic was up 7.2 percent, Canadian carload rail traffic was up 0.5 percent, Canadian intermodal rail traffic was up 3.6 percent, TFM's carload rail traffic was up 3.2 percent and TFM's intermodal rail traffic was up 9.8 percent. (ffd: AAR)

MORE STATS – “BIG 7” OPERATING PERFORMANCE:

(FRI) For the week ending May 7, 2005 versus the comparable week last year, average train speed was as follows: BNSF, 24.2 mph versus 25.3 mph; Canadian National, 25.8 mph versus 24.4 mph; Canadian Pacific, 24.7 mph versus 24.4 mph; CSX, 18.8 mph versus 20.1 mph; Kansas City Southern, 23.0 mph versus 24.8 mph; Norfolk Southern, 21.9 mph versus 22.6 mph; Union Pacific, 21.7 mph versus 21.4 mph.

Also for the week ending May 7, 2005 versus the comparable week last year, average terminal dwell time was as follows: BNSF, 10.3 hrs versus 10.0 hrs; Canadian National, 13.0 hrs versus 14.6 hrs; Canadian Pacific, 31.7 hrs versus 27.9 hrs; CSX, 31.2 hrs versus 28.3 hrs; Kansas City Southern, 23.6 hrs versus 28.5 hrs; Norfolk Southern, 23.5 hrs versus 21.9 hrs; Union Pacific, 27.6 hrs versus 31.2 hrs.

(Note: Concerning the above statistics, AAR comments that “one railroad’s performance metrics cannot meaningfully be compared to another railroad’s, due to differences in the carriers’ calculation methodologies, operational strategies, network characteristics, terrain, traffic mix and volume, length of haul, extent of passenger operations, and other factors, such as weather.”)

EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) Florida East Coast filed to abandon approximately 5 miles of its South Little River Branch Line in and near Miami, FL. (ffd: STB)

(MON) Norfolk Southern began construction of a new connecting track at Butler, IN between its former Norfolk & Western Detroit-Fort Wayne main line and its former Conrail Toledo-Chicago main line. Noting that there is already a connection at Butler, Trains Magazine reported that the new connection “will eliminate the need for Chicago-bound trains coming from Detroit to travel south to Fort Wayne before heading west to Chicago” and vice versa. Trains also reported that “the main reason for the new connection is to allow Canadian Pacific trains between Detroit and Chicago access from one line to another. CP has been using CSX trackage rights via Grand Rapids for its Detroit-Chicago trains, but has recently signed an agreement to gradually shift most of them to NS routes, also on trackage rights.” (ffd: Trains)

(THU) Kaw River filed to lease, from BNSF, and operate approximately 16 miles of line between Birmingham, MO and Kearney, MO. (ffd: STB)

(THU) BNSF began construction of a new transloading terminal at the Kaiser Commerce Center, located approximately 13 miles west of San Bernardino, CA. The new facility will total 38 acres and provide transload services for commodities including lumber and steel, and will also include a new 849,000-square-foot warehouse. (ffd: BNSF Corp.)

(FRI) Atlantic & Western filed to abandon approximately 1 mile of line in Jonesboro, NC. (ffd: STB)

APPOINTMENTS, ACHIEVEMENTS AND ALIKE:

(TUE) Noting the planned retirement of Norfolk Southern Chairman and CEO David Goode early next year, the Roanoke Symphony Orchestra announced that they would hold a rail-themed concert in his honor on October 29. The concert will be held at the Roanoke Civic Center and will be followed by a dinner and auction at Roanoke's Virginia Museum of Transportation. (ffd: Trains)

(WED) Cedar American Rail Holdings appointed Edward Terbell EVP-Operations of its Dakota, Minnesota & Eastern and Iowa, Chicago & Eastern railroad subsidiaries. Mr. Terbell was most recently Canadian National's Director-Special Projects. (ffd: Progressive Railroading)

(THU) Norfolk Southern appointed William Galanko VP-Financial Planning and Robert Kesler VP-Taxation. Mr. Galanko were both previously NS tax attorneys. (ffd: NS Corp., Progressive Railroading)

(FRI) Union Pacific appointed John Kelly VP and Chief Health Officer. Dr. Kelly was most recently SVP-Scientific and Regulatory Affairs for the Pharmaceutical Research and Manufacturers of America. "Our vision is to become the healthiest company in America," said Barb Schaefer, UP's SVP-Human Resources, to whom Dr. Kelly will report. (ffd: UP Corp.)

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Weekly Rail Review is edited from public news sources and published weekly to those working in, or interested in, rail and transit. Send an e-mail to <<mailto:weeklyrailreview@aol.com>>weeklyrailreview@aol.com to receive it, with my compliments.

HAVE A SAFE AND PROSPEROUS WEEK,

Dave Mears

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