

WEEKLY RAIL REVIEW

FOR THE WEEK ENDING FRIDAY, MAY 25, 2012

BY DAVE MEARS

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

(MON) Chicago, IL temporarily modified some of its transit and commuter rail services to accommodate security concerns at the NATO Summit. On Chicago commuter rail operator Metra, 10 of 11 lines operated normally. However and because the Metra Electric Line passes beneath McCormick Place, where some related events were held, passengers were subject to more extensive screening and baggage checks, and some entrances to stations on the line were temporarily closed. (Ref: Metra)

(MON) Work began on the line earlier acquired by the State of Florida from CSX for future SunRail commuter service that will serve the Greater Orlando area. The first phase of project work will cover 32 miles of line north of Orlando, with service forecast to begin on that segment by 2014. The second phase of work will cover 30 additional miles north and south, with service to begin on that segment by 2016. (Ref: NARP)

(MON) The New York Metropolitan Transportation Authority said that completion of its East Side Access project had been pushed back until August, 2019, six years later than originally planned. NYMTA also advised that the project's worst-case scenario budget had risen to \$8.24 billion. The East Side Access project will utilize existing and new rail tunneling to allow Long Island Rail Road trains to serve a new station beneath Grand Central Terminal in Manhattan. (Ref: NARP, Wall Street Journal)

(MON) Norfolk Southern announced that its fleet of 20 heritage locomotives adorned in the paint schemes of its predecessor railroads will all be scheduled to the North Carolina Transportation Museum in Spencer, NC during this Fourth of July week. "This is the first and probably only chance we'll have to get all these locomotives together in one place at one time," said NS CEO Wick Moorman. Tickets for the event will be available through the NCTM website. (Ref: NS RR)

(WED) The Teamsters Canada Rail Conference initiated a work stoppage against Canadian Pacific Railway's Canadian operations. The TCRC and CPR were unable to reach agreement on a new contract despite last-minute negotiations. Later in the week, Canadian Transport Minister Lisa Raitt said that the Canadian government may act "...if necessary..." to end the strike. (Ref: Journal of Commerce, Progressive Railroading)

(WED) In what it said was a "...response to market rumors...", RailAmerica issued a statement saying that its majority owner, Fortress Investment Group, was considering "...strategic alternatives....," that may include its sale. It went on to say that "...the Company is engaged in preliminary discussions with third parties regarding a potential sale...". RailAmerica owns 45 short line railroads that operate in 28 U.S. states and three Canadian provinces. (Ref: Bloomberg News, RailAmerica)

(WED) GO Transit observed its 45th anniversary. The Greater Toronto area commuter rail operator was formed in 1967 and initially served 14 stations on two routes totaling 60 miles of line. It presently serves 62 stations on seven routes totaling 275 miles of line. Since 2009, GO Transit has been an operating division of Metrolinx, the regional transportation agency for the Greater Toronto and Hamilton area. (Ref: Progressive Railroading)

(THU) At a speech at the North American Rail Shippers meeting in Chicago, IL, CSX CEO Mike Ward discussed several rail industry trends. He said that he believed the West Coast ports will continue to be the leading U.S. import gateways, while the East Coast ports will see a "...a higher growth rate from a lower basis..." through the expansion of the Panama Canal now underway. Concerning CSX, he said that nine of 10 CSX markets are stable or growing, with domestic coal the sole exception. He noted the rise in CSX's export coal shipments, adding that "...China opens a new coal-fired plant every week....[and] India is going

to double its use of coal.” (Ref: Journal of Commerce)

(THU) Also at the North American Rail Shippers meeting in Chicago, Surface Transportation Board Chairman Dan Elliot said that the Board would likely soon act on a compromise to balance pricing concerns of shippers with the need of railroads to generate revenues for reinvestment. Mr. Elliot declined to say when the STB would take action, but suggested to a reporter that “soon” could be anytime between two weeks and four months. The STB held hearings last year on the state of rail competition, which included testimony from rail executives, shipper executives, and public officials. (Ref: Journal of Commerce)

(FRI) Denver, CO’s Regional Transportation District said that its new West Light Rail Line would open on April 26, 2013, which it said was eight months ahead of schedule. The new line will operate approximately 12 miles and serve 12 stations, running from Denver Union Station west through Lakewood and terminating in Golden, CO. The line is part of the FasTracks voter-approved mass transit improvement program that calls for the eventual building of 122 miles of commuter rail or light rail lines, 18 miles of bus rapid transit lines, the redevelopment of Denver Union Station as a transit hub, and other related improvements. (Ref: Progressive Railroading)

(FRI) The Los Angeles County Metropolitan Transportation Authority approved a planned extension of its Purple Subway Line. The extension of the line, which presently operates between Los Angeles Union Station in downtown Los Angeles with the city’s Koreatown neighborhood, would be an additional nine miles to Westwood. LACMTA said that it hopes to begin extension of the line sometime next year. (Ref: Railway Age)

(FRI) Kasgro Rail, a rail car manufacturer based in New Castle, PA said that it is nearing completion of what it believes is the largest rail car ever built in North America. The car, a Schnabel-type flat car, is 231 feet long, 18 feet high, and features 36 axles. The car will be used to carry extremely heavy and oversized loads that will be suspended between the two ends of the car by lifting arms. (Ref: Trains)

(FRI) The Massachusetts Bay Transportation Authority repealed its rules and regulations against taking pictures on its property. “It is time we lifted restrictions on taking pictures,” said MBTA Transit Police Chief Paul MacMillan. “It’s almost impossible to control...Now that riders have cellphones with built-in cameras, it is more beneficial to start encouraging their use [to photograph suspicious activity] in order to decrease crime.” Concurrent with the announcement, MBTA introduced a free iPhone “See Say” app, with which MBTA riders can share pictures, text, and location details of suspicious activity. (Ref: Trains)

(FRI) A consortium of environmental and educational concerns reported that it is working to convert a preserved steam locomotive to run on a new biofuel. The Coalition for Sustainable Rail said that it last year acquired former Santa Fe No. 3463, an oil-burning 4-6-4-type steam locomotive, so that it can be converted to run on torrefied biomass (biocoal), which is derived from cellulosic biomaterial (wood) and has the same energy, density and material handling properties of coal, but has no heavy metal or sulfur content. The consortium, which includes the University of Minnesota’s Natural Resources Research Institute, said that it hopes to move the locomotive from the Great Overland Station in Topeka, KS to the Twin Cities later this year after it finds a suitable shop building. (Ref: Earth Techling, TG Daily)

STATS – CLASS 1 RAIL TRAFFIC:

(THU) The Association of American Railroads reported that, for the week ending May 19, 2012 and ranked with the comparable week last year:

-U.S. carload rail traffic totaled 280,565 units, down 5.0 percent

-Notable U.S. carload traffic increases included petroleum products up 49.4 percent, motor vehicles and equipment up 23.3 percent, and lumber and wood products up 17.9 percent; notable traffic decreases included nonmetallic minerals down 16.3

percent, coal down 16.1 percent, and coke down 8.6 percent

-U.S. intermodal rail traffic totaled 241,664 units, up 3.1 percent

-Canadian carload rail traffic totaled 80,314 units, up 6.6 percent

-Canadian intermodal rail traffic totaled 53,042 units, up 8.8 percent

-Mexican carload rail traffic totaled 13,813 units, down 3.4 percent

-Mexican intermodal rail traffic totaled 10,081 units, up 13.4 percent

For the period January 1 through May 19, 2012 and ranked with the comparable period last year:

-U.S. carload rail traffic totaled 5,627,959 units, down 3.4 percent

-U.S. intermodal rail traffic totaled 4,595,071 units, up 2.8 percent

-Canadian carload rail traffic totaled 1,546,219 units, up 4.8 percent

-Canadian intermodal rail traffic totaled 1,004,360 units, up 8.0 percent

-Mexican carload rail traffic totaled 272,857 units, down 4.1 percent

-Mexican intermodal rail traffic totaled 179,184 units, up 21.6 percent

Note: Canadian traffic totals include that traffic on U.S. operations of the Canadian National and Canadian Pacific Railways.

EXPANSIONS, CONTRACTIONS AND ALIKE:

(MON) Florida East Coast Railway began operation over its new line accessing the Port of Miami, FL. The line extends from the port to 79th Street in Miami and was recently rebuilt by the railroad from public and private funding sources for approximately \$50 million. (Ref: Trains)

(MON) R.J. Corman/Pennsylvania Line's earlier request to construct and operate a new rail line in Pennsylvania was approved by the Surface Transportation Board. The new rail line involves construction of 10.8 miles of railroad over an abandoned railroad right-of-way between Wallaceton and Winburne, PA, and reactivation of 9.3 miles of railroad between Winburne and Gorton, PA. In its approval, the Board noted that this was the first instance "...in which the Board examined a new rail line construction proposal combined with restoration of rail service over a rail-banked right-of way." (Ref: Progressive Railroad, STB)

(THU) Cleveland Harbor Belt Railroad filed with the Surface Transportation Board to operate approximately one mile of line in Cleveland, OH owned by Cleveland-Cuyahoga County Port Authority and is presently operated as exempt private trackage by CSX and Norfolk Southern. (Ref: STB)

(THU) Montana Rail Link re-opened its 47-mile Bitterroot Branch between Missoula and Hamilton, MT. The branch had been out of service since a 2011 flood damaged the line near Stevensville, MT. (Ref: Trains)

APPOINTMENTS, ACHIEVEMENTS AND MILESTONES:

(TUE) Watco Companies appointed Stu Towner its Assistant Vice-President of Operations. Mr. Towner started with Watco in 2004 and was most recently its Director of Operations and Finance. (Ref: Railway Track & Structures)

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Have a Railroad Safe Day,

Dave Mears