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American Short Line and Regional Railroad Association

VIEWS & NEWS

VOLUME 73

NUMBER 6

MARCH 20, 2006

Currently, Railroad
Security Alert Level
2 is in Effect

Upcoming 2006 Events

(Click on the meeting
name for more
information)

2006 Annual
Convention
April 23-25
World Center
Marriott
Orlando, FL

Deadlines

**NOTE: Deadline
Upcoming**
ASLRRA Safety
Person of the Year
March 24, 2006

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RAILROAD DAY ON CAPITOL HILL MOST SUCCESSFUL EVER



Top and Middle Row Photos by Peter Cutts. Bottom Row Photos by Jennie Lam-Nagata.

On March 8, 2006, the ASLRRA, in conjunction with the Association of American Railroads, the Railway Supply Institute, Railway Engineering-Maintenance Supplier Association and various other sponsoring associations active in the railroad industry, put on the Eighth Annual Railroad Day on Capitol Hill at the Grand Hyatt Washington Hotel. This year's motto was "Don't Sit This Out. Get Involved! Stay Engaged!," and people took it to heart. More than 400 representatives from the Class I, short line, and regional railroad and supplier communities, congress, federal and state transportation agencies, rail-related associations, and the press attended both the Railroad Day events and the closing ASLRRA Legislative Reception and Dinner.

During the day, attendees were engaged in meetings in the Congressional office buildings with various elected officials and congressional staffers. A command center was set up in the Rayburn House Office Building, where, between appointments, attendees could update the Railroad Day staff on the outcome of their meetings, get extra copies of materials, grab some refreshments, meet with colleagues, or put their feet up and relax.

After the day's meetings concluded, ASLRRA's Annual Legislative Reception and Dinner was held at the Grand Hyatt Washington where attendees had a chance to unwind, network, and compare notes from the day's meetings. ASLRRA President Richard F. Timmons and Ed McKechnie, ASLRRA's LPC Chairman, welcomed the attendees, recognized the congressmen and dignitaries present, and thanked the sponsors before the evening's festivities took place. Earl Durden of Rail Management Corp. was recognized for his legislative efforts and his service to the short line industry when he received the first "Excellence in Advancing Rail Legislation" Award, presented by ASLRRA Chairman Roger Bell. The evening was rounded off as the perennial team of Keith Hartwell and David Tittsworth entertained all present with satirical songs.

LAST CHANCE TO SUBMIT FOR SAFETY PERSON OF THE YEAR

Please remember, the deadline for submitting entries for the Safety Person of the Year award is approaching. All entries must be submitted by Friday March 24, 2006. Submissions must be in typewritten or electronic Word document format and are not to exceed two pages in length. For more information please click [here](#).

A SINCERE THANK YOU TO OUR SPONSORS!



Thank You!



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Their generous support helped to make our Legislative Dinner a success. Click on a company's name to learn more about the products and services it offers.

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NARS TO PROVIDE COMPUTER BASED TRAINING

The National Academy of Railroad Sciences has agreed to provide Computer Based Training (CBT) to ASLRRA member railroads. To request CBT, contact Jeffrey Abbott at 913-319-3900 or Jeffrey.abbott@narstraining.com. For requirements and fee information, click [here](#).

BUFFALO & PITTSBURGH, GEORGIA MIDLAND WIN RAILWAY AGE AWARDS

Railway Age magazine has named Americus, Ga.-based Georgia Midland Railroad as 2006 Short Line Railroad of the Year, and Rochester, N.Y.-based Buffalo & Pittsburgh Railroad as 2006 Regional Railroad of the Year. The awards will be presented at the American Short Line and Regional Railroad Association's annual meeting in Orlando, Fla., on April 24.

“This year’s award winners epitomize short line railroading at its best,” said Robert P. DeMarco, senior vice president and group publisher of Railway Age’s parent company, Simmons-Boardman Publishing Corp. “The turnarounds experienced by both carriers were more than just financial. Their impressive maintenance, operations, safety, and productivity improvements are thanks to the employees’ dedication, teamwork, and perseverance. In all respects, their efforts paid off. Railway Age is honored to present these railroads with the industry’s top small-road achievement awards.”

The winning entry for short line railroad of the year was submitted by Georgia Midland Railroad (GMR) President and CEO Brad Lafevers. The railroad is a subsidiary of Atlantic Western Transportation, Inc.

“During the due diligence phase of our acquisition of GMR in 2003, we found a deteriorated physical plant, discouraged customers who were seeking other transportation modes, and employees who did not possess the training to perform in a safe and efficient manner,” said Lafevers. But this did not deter him. Lafevers and his staff recognized the potential of the 100-mile railroad, which operates in four central and eastern Georgia segments. In February 2004, they set out to turn it around.

Intense marketing and safety-training efforts began, and GMR took on extensive maintenance work. According to Lafevers, the first day of hi-rail inspections produced more than 20 slow orders, and in many areas, maintenance-of-way employees had to walk due to broken rails and striped rail joints. But the work was completed, and GMR re-established lost traffic and rebuilt customer relationships. "We found customers eager to utilize the railroad and willing to commit to rail shipments," Lafevers said.

After just 10 months, GMR achieved its first profitable year, and has operated for the past two years without a personal injury or reportable train accident. In 2005, GMR saw carloads grow 39.5%, freight revenue rise 51.1%, and total revenue increase 52.7% over 2003 results. It's operating ratio improved by 40.2 percentage points, dropping to 77.8%.

"As we enter 2006, we are excited about the future," summed up Lafevers. "Several new industrial prospects could announce facilities on the railroad this year, and our customer base continues to bring more business to our line. With a renewed vigor of the railroad, we have the resources to continue improvements to the track, and the railroad employees are committed to their superlative safety effort."

The winning entry for regional railroad of the year was submitted by Buffalo and Pittsburgh (B&P) President and General Manager David J. Collins. B&P, which operates along 600 miles of track in western Pennsylvania and New York states, is a subsidiary of Genesee & Wyoming, Inc.

B&P faced the loss of more than \$8 million in bridge traffic - one-third of its revenue - when Norfolk Southern and CSX Transportation acquired Conrail in 1998. To survive, the regional considered breaking its line in two or more segments. Though bridge traffic disappeared, the move was unnecessary. Today, bridge traffic represents less than 1% of all traffic, and more than a third of the regional's \$33 million in annual revenues and 65,000-plus carloads is from to business built since the Conrail carve-up. "This growth comes thanks to an all-out marketing push, capitalizing on economic trends benefiting business in B&P's region, and support from state and local government entities that recognized the importance of the railroad to the region," said Collins.

One project that helped lead the way was the 2005 opening of the long-dormant, 16-mile Indiana Branch. Funded in part by a grant from the Commonwealth of Pennsylvania, the \$10 million project has reduced highway maintenance costs and provides B&P with direct access to a generating station at Homer City, Pa. Up to 10,000 cars are expected to roll down the line in 2006. The railroad's merchandise traffic continues to grow, bringing in more than \$3 million per year from new business with small- to mid-sized on-line customers, and the recently acquired CSX P&W Subdivision and collaborations with neighboring short lines.

B&P credits its success to teamwork and cooperative labor-management relations. The regional has established terminal-based safety teams to address specific issues and the scheduling of road trains to put crews home every night, according to Collins. In 2005, the overall GWI NY/PA region had its safest year ever, with an FRA frequency index of 1.72.

For B&P, 2005 was a turning point. "We turned our fear of survival into the building blocks of a bright future," Collins said.

The awards will be announced in the April issue of Railway Age.

Railway Age is a monthly magazine circulated at the management levels of North American freight and passenger railroads. Published since 1856, it is the transportation industry's oldest trade magazine. Emphasis is placed on technology, operations, strategic planning, marketing, and other issues such as legislative and labor/management developments of interest to railway management, railway suppliers, and consultants.

NRC RAILROAD CONTRACTING EQUIPMENT AUCTION UPCOMING

NRC will be holding a Railroad Contracting Equipment Auction in Granite City, Illinois on Thursday, March 30, 2006. For complete information, click [here](#).

RENDELL PROPOSES INCREASE FOR PENN. RAILROADS

Recently, Pennsylvania Gov. Edward Rendell released his proposed fiscal year 2006-2007 budget, which calls for a \$2 million hike in freight-rail funding compared with the current budget.

The governor is proposing \$10.5 million for freight-rail infrastructure improvement projects. The FY05-06 and FY04-05 budgets allocated \$8.5 million and \$4.25 million, respectively, for freight rail. The Pennsylvania Department of Transportation's Bureau of Rail Freight, Ports and Waterways distributes the freight-rail funds, some of which are granted to regionals and short lines.

The ASLRRA suggests that Pennsylvania short line and regional railroads contact their state legislators in support of this increase in funding.

SCHULTZ NAMED MMA VP OF TRANSPORTATION

Montreal, Maine & Atlantic Railway has appointed John W. Schultz as vice president Transportation, effective March 13, 2006, at the railway's headquarters in Hermon, Maine. He succeeds John F. Scott, who resigned to pursue other interests.

Mr. Schultz has more than 30 years of railroad experience, most recently as director Transportation Services for the Union Pacific Railroad at Denver, Colo. He previously held a similar post with the UP at Cheyenne, Wyo. from 1994 to 2004. Mr. Schultz holds a BS in Business Administration from the University of Wisconsin, La Crosse.

MMA President and CEO Robert C. Grindrod said, "We are very pleased to have John Schultz joining our railroad. His strong operating background and valuable experience will help MMA provide reliable and efficient transportation service for our customers. John Scott was very helpful during MMA's early years of operation and we wish him every success."

Mr. Schultz began his railroad career in 1970 while still in high school and college working as a section laborer, clerk and switchman for the former Milwaukee Road. He was a lieutenant in the U.S. Army Corps of Engineers for two years prior to joining the Missouri Pacific (now Union Pacific) at Kansas City, Mo., where he served as assistant trainmaster and trainmaster. He was promoted to manager Yard/Industry Operations at San Antonio, Texas in 1987 and became manager Transportation Planning at Omaha in 1990.

Montreal, Maine & Atlantic began operations January 9, 2003 operating 754 route miles of line in Maine, New Brunswick, Quebec and Vermont.

CHATTOOGA & CHICKAMAUGA GROWTH ON HORIZON

Tom Foden and H.B. Evans jam yellow plugs in their ears every morning before starting the engine of the Chattooga & Chickamauga freight train. Then the two men, who alternate working as conductor and engineer, get to the deafening business of picking up and dropping off cars of raw materials and finished products to companies along the track. "Just picture us as a big delivery service," said Mr. Foden.

The 68 miles of track resemble an upside-down "V" on a map. The west leg runs from Chattanooga south to Kensington, Ga., while the east leg goes from Chattanooga to Summerville, Ga. The C&C Railway serves five companies along its track: Dow Reichhold Specialty Latex, Roper Corp., Mount Vernon Mills, Bradley-Walker Farmers Co-op and Shattuck Farm & Home Center. All the materials it carries move into and out of the Chattanooga area via Norfolk Southern.

Cagy Transportation Co. opened the C&C Railway line in September, 1989. When the railroad industry was deregulated in the early 1980's, many of the larger railroad companies, including Norfolk Southern, decided that running sections of marginal track was not profitable. As a result, many short line railroads, which could operate more efficiently, formed to pick up the business.

C&C General Manager Harold Holiman said that 18 to 19 short line railroads operate across Georgia, and that more than three-quarters of them have started up since deregulation. Four employees – Mr. Foden and Mr. Evans, System Superintendent Randall Magnusson and Mr. Holiman – keep the C&C up and running.

“What I like about short line railroads is you do a little bit of everything,” Mr. Holiman said. “You may be running the locomotive one day, working on a track the next day and cleaning the depot the next. I like the diversity.” Mr. Holiman said business is good. Railroads remain one of the most economical ways to carry large amounts of freight long distances, he said, because each rail car can carry the equivalent of four truck loads.

Once the Ply Mart in Rock Spring, Ga. finishes laying track, he added, C&C will have a new customer. “We’re looking forward to the Ply Mart. It’ll be substantial business once it’s opened,” said Mr. Holiman.

Last week, Mr. Foden and Mr. Evans ran the engine from the depot on West Villanow Street in LaFayette, Ga., down to the Roper Corp. warehouse to switch a few empty cars for three cars full of scrap metal. As the train rumbled down the track, the two men discussed life on the rail. Both said they enjoy working on the train well enough, though they sometimes have to work ten- or eleven-hour days.

Mr. Foden said his favorite aspect of the job is admiring the view out the window. “Between LaFayette and Summerville, we see a lot of turkeys and deer and wildlife. The highway doesn’t go close to the tracks, so you’re in the woods.”

Mr. Evans said he prefers the populated areas, where he can wave at bystanders and blow the horn for children. “That happens almost every day,” he said.

RAILINC SHORT LINE AND REGIONAL TRAFFIC INDEX

This February, the number of carloads moved on short line and regional railroads increased by 0.4% in comparison to February of 2005. The fastest growing commodity was Petroleum Products at 52.2%, followed closely by Coal at 51.1%. This index is compiled by Railinc as a service to the industry.

For more information on Railinc, please visit www.railinc.com.

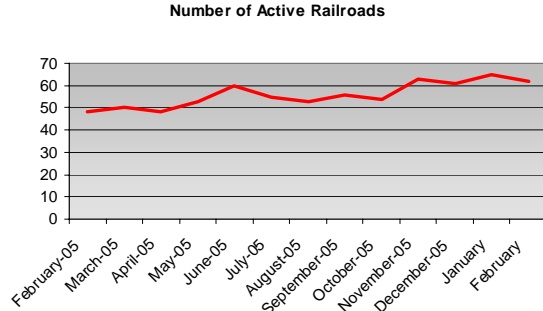
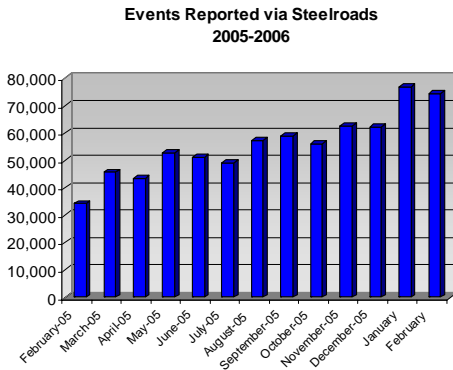
Carloads, by commodity	Carloads Originated February '06	Carloads Originated February '05	% Change
	(Based on 498 railroads)	(Based on 471 railroads)	
Chemicals	34,668	29,892	16.0%
Coal	20,871	13,816	51.1%
Crushed Stone, Sand and Gravel	16,820	12,886	30.5%
Food and Kindred Products	12,604	11,617	8.5%
Grain	28,439	21,086	34.9%
Grain Mill Products	7,303	6,685	9.2%
Lumber and Wood Products	18,023	20,535	-12.2%
Metallic Ores	3,465	9,313	-62.8%
Metals and Products	24,992	25,388	-1.6%
Motor Vehicles and Equipment	8,216	7,641	7.5%
Nonmetallic Minerals	3,204	2,872	11.6%
Petroleum Products	1,905	1,252	52.2%
Pulp, Paper, and Allied Products	25,165	24,071	4.5%
Stone, Clay and Glass Products	14,515	13,925	4.2%
Trailer or Container	40,970	41,555	-1.4%
Waste and Scrap Materials	11,986	9,764	22.8%
All Other Carloads	87,315	106,881	-18.3%
Total	360,461	359,179	0.4%

STEELROADS EVENT REPORTING – FEBRUARY 2006

Steelroads Event Reporting continues to grow as one of the industry’s preferred methods providing shipment visibility through the reporting of rail events. In February, Short Line and Regional Railroads continued to support the growth of Steelroads Event Reporting by recording over 74,500 events.

Steelroads Event Reporting is a free system which allows users to increase shipment visibility by recording such events as interchanges, placements, and releases, allowing you to keep your records up to date while simultaneously increasing customer satisfaction.

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RMI RAILCONNECT INDEX OF SHORT LINE TRAFFIC

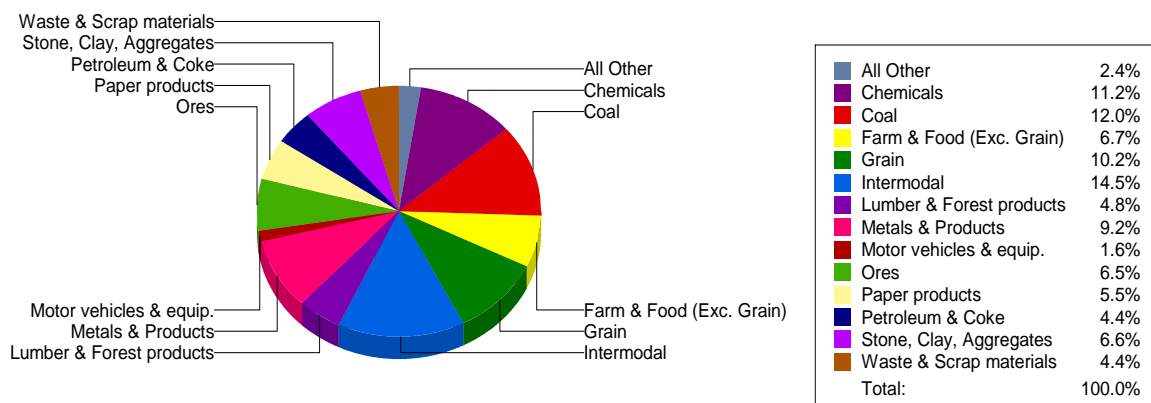
For the week ending: 2/25/2006

Number of Railroads: 247

	Current Week			Year-To-Date		
	2006	2005	% Change	2006	2005	% Change
Carloads Handled						
Coal	14,201	13,641	4.11%	115,078	112,172	2.59%
Grain	12,241	12,339	-0.79%	97,807	91,802	6.54%
Farm & Food (Exc. Grain)	11,112	3,944	181.74%	64,200	30,040	113.72%
Ores	7,975	9,120	-12.55%	61,919	70,968	-12.75%
Stone, Clay, Aggregates	7,791	7,358	5.88%	63,402	54,841	15.61%
Lumber/Forest Prods.	6,029	6,395	-5.72%	45,772	44,222	3.51%
Paper Products	6,547	6,795	-3.65%	52,323	52,241	0.16%
Waste & Scrap Materials	5,541	5,492	0.89%	42,272	41,249	2.48%
Chemicals	12,954	13,764	-5.88%	106,990	107,776	-0.73%
Petroleum & Coke	5,580	5,784	-3.53%	42,482	41,804	1.62%
Metals & Products	11,456	12,447	-7.96%	87,667	89,015	-1.51%
Motor Vehicles & Equip.	2,312	2,689	-14.02%	15,336	15,928	-3.72%
Intermodal	15,985	17,477	-8.54%	138,439	124,802	10.93%
All Other	3,269	3,288	-0.58%	23,424	23,982	-2.33%
Total	122,993	120,533	2.04%	957,111	900,842	6.25%

RailConnect Index

Year-To-Date



RAILROAD TRAFFIC

According to the AAR, U.S. carloads were down 1.5 percent in the week ending March 11 2006, with 333,754 cars originated, compared to 338,849 cars originated in 2005. Carloads for U.S. non-Class I's that submit data to the AAR were down 5.1 percent for the week and down 6.1 percent for the year to date. U.S. intermodal traffic was up 8.8 percent for the week and 4.4 percent for the year to date. U.S. and Canadian intermodal traffic is up 4.3 percent for the year. Total volume is up 2.0 percent for the year, with an estimated total of 328.6 billion ton-miles.

For just the week ending March 4, 2006, U.S. carloads were up 0.5 percent and carloads for U.S. non-Class I's that submit data to the AAR were up 5.2 percent. Carloads were up 1.0 percent in the East and 0.1 percent in the West. U.S. intermodal traffic was up 1.3 percent for the week.

EMBARGO NOTICES & REROUTE ORDERS

A complete listing of embargo notices is available at embargo.railinc.com.

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