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American Short Line and Regional Railroad Association

VIEWS & NEWS

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Upcoming Events

2007 Railway Age
Security Forum and
Expo
January 22-23, 2007
Arlington, VA

CSX Short Line
Workshop
February 21-23, 2007
St. Augustine, FL

Railroad Day on
Capitol Hill
March 14, 2007
Washington, DC

2007 ASLRRA Annual
Convention
April 22-24, 2007
Baltimore, MD

Railroad Liability
Seminar
June 26-29, 2007
Rockport, ME

NS Short Line
Conference
July 29-31, 2007
Roanoke, VA

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the ASLRRA Classified Ads



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Security Alert Level
2 is in Effect

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RRB ANNOUNCES CHANGES TO TAXABLE COMPENSATION AMOUNTS

The amounts of compensation subject to railroad retirement tier I and tier II payroll taxes will increase in 2007. However, the tier I tax rate on employees and employers remains unchanged. Under the Railroad Retirement and Survivors' Improvement Act of 2001, tier II tax rates are determined annually by an average account benefits ratio. Based on this ratio, the tier II tax rates on employees and employers will decrease in 2007. Railroad unemployment insurance tax rates paid by employers will continue to include a 1.5 percent surcharge in 2007.

Tier I and Medicare Tax.--The railroad retirement tier I payroll tax rate on covered rail employees and employers for the year 2007 remains at 7.65 percent. The railroad retirement tier I tax rate is the same as the social security tax, and for withholding and reporting purposes is divided into 6.20 percent for retirement and 1.45 percent for Medicare hospital insurance. The maximum amount of an employee's earnings subject to the 6.20 percent rate will increase to \$97,500 in 2007 from \$94,200 in 2006, but there is no maximum on earnings subject to the 1.45 percent Medicare rate. The increase in the amount of earnings subject to railroad retirement and social security taxes is based on indexing to increases in average national wages.

Tier II Tax.--The railroad retirement tier II tax rate on employees will decrease by 0.5 percent, from 4.4 percent to 3.9 percent in 2007, and the rate on employers will also decrease by 0.5 percent, from 12.6 percent to 12.1 percent. The maximum amount of earnings subject to railroad retirement tier II taxes, however, will increase to \$72,600 in 2007 from \$69,900 in 2006. Tier II tax rates under the 2001 Railroad Retirement and Survivors' Improvement Act are based on an average account benefits ratio reflecting railroad retirement fund levels. Depending on this ratio, the tier II tax rate for employers can range between 8.2 percent and 22.1 percent, while the tier II rate for employees can be between 0 percent and 4.9 percent.

Unemployment Insurance Tax.--Employers, but not employees, also pay railroad unemployment insurance taxes, which are experience-rated by employer. The basic tax rates range from a minimum of 0.65 percent to a maximum of 12 percent on monthly earnings up to \$1,230 in 2007, up from \$1,195 in 2006. However, the Railroad Unemployment Insurance Act also provides for a surcharge in the event the Railroad Unemployment Insurance Account balance falls below an indexed threshold amount, and such a surcharge of 1.5 percent applied in 2004-2006. Since the accrual balance of the Railroad Unemployment Insurance Account was \$114.8 million on June 30, 2006, which was less than the indexed threshold of \$120.8 million, a surcharge of 1.5 percent will again be added to the basic tax rates in 2007, but will not increase the maximum 12 percent rate.

The unemployment insurance tax rates on railroad employers in 2007 therefore will range from 2.15 percent (the minimum basic rate of 0.65 percent plus the 1.5 percent surcharge) to a maximum of 12 percent on monthly compensation up to \$1,230.

The 1.5 percent surcharge will not apply to new employers in 2007, and new employers will initially pay a tax rate of 3.75 percent, which represents the average rate paid by all employers in the period 2003-2005.

For 78 percent of covered employers, the unemployment insurance rate assessed will be 2.15 percent in 2007.

STB NAMES BUTTREY VICE CHAIRMAN

The Surface Transportation Board recently appointed W. Douglas Buttrey vice chairman to succeed Francis Mulvey, who will continue to serve as commissioner. The vice chairmanship rotates among STB members on an annual basis.

Buttrey, whose term expires Dec. 31, 2008, joined the board in May 2004. Last year, he served as interim STB chairman - filling in for Roger Nober, who resigned in January - until the board named Charles Nottingham chairman in August.

As his first act in the new post, Buttrey appointed Alice Saylor his chief of staff. A member of the STB's Office of the General Counsel since 2001, she most recently served as Buttrey's attorney-advisor.

During Nober's tenure, Saylor served as his attorney-advisor. Prior to the STB, she was vice president and general counsel of the American Short Line and Regional Railroad Association, and held various legal positions at the TransStar Group and Union Pacific Railroad.

Meanwhile, Nottingham appointed Scott Zimmerman as his new attorney-advisor.

Zimmerman joined the STB's general counsel office in February 2006. He previously practiced transportation and regulatory law as a partner in Washington, D.C., firm Zuckert, Scouff & Rasenberger L.L.P.

APPELLATE COURT UPHOLDS DM&E DECISION

For the Dakota, Minnesota & Eastern Railroad Corp. (DM&E), the decision stands. Recently, the Surface Transportation Board announced the U.S. Court of Appeals for the Eighth Circuit upheld the board's decision that granted final approval — subject to certain environmental mitigation conditions — to the DM&E's proposed Powder River Basin (PRB) project.

Several parties filed a lawsuit challenging the adequacy of the STB's environmental review of the project under which the DM&E would build a 262.3-mile line through western South Dakota and eastern Wyoming, and upgrade 600 miles of other lines in South Dakota and Minnesota to access the PRB. Those parties include the Mayo Clinic and city of Rochester, Minn., which oppose the project and are urging the Federal Railroad Administration to reject the DM&E's application for a \$2.3 billion Railroad Rehabilitation and Infrastructure Financing loan to help fund construction.

“We are pleased with the court's ruling, which is a significant step in allowing this important project to go forward,” said STB Chairman Charles Nottingham in a prepared statement. “The DM&E now has the opportunity to introduce additional competition and capacity into the Powder River Basin.”

FRA ISSUES NEW TOX BOX ORDER FORM

As the fax number for Northwest Toxicology will soon change, the FRA has issued an updated post-accident tox box order form. Note that Laurie Tobler at Northwest Toxicology will continue to manage distribution of tox boxes to the railroads at least until March 2007, even though post-accident toxicological specimens will now be sent to Quest Diagnostics in Atlanta, GA. To download the order form, click [here](#).

Remember that the smaller railroads are not permitted to order fatality tox boxes. If they have need of one, they should so notify the National Response Center at the time they report the accident and one will be over-nighted to the medical examiner's office (or they can borrow one from a larger neighboring railroad). Please contact Kathy Schnakenberg (Kathy.schnakenberg@dot.gov) at 816-561-2714 or 202-262-4998 with any questions.

If your railroad has never ordered an FRA post-accident tox box, the first standard tox box is free. Just complete the form, mark FREE beside the standard tox box entry, and fax the form to Northwest Toxicology.

Remember that the tox boxes themselves do not expire, it's just the blood tubes inside that expire and hopefully they are up-to-date.

Note that this does not pertain to replacing the blood tubes in your existing FRA post-accident tox boxes. It is for new tox box orders only.

DOT RELEASES TEMPLATE FOR RISK MANAGEMENT SELF-EVALUATION

The Department of Transportation recently released a template designed to aid railroads in self-assessment of their risk of terrorism or sabotage. To review and apply this document, click [here](#). Please contact Tom Streicher (tstreicher@aslrra.org) at (202) 585-3434 if you have any questions.

CHEALANDER JOINS NTSB

Steven R. Chealander was sworn in as a [National Transportation Safety Board \(NTSB\)](#) member on January 3, 2007. His term expires Dec. 31, 2007.

Most recently manager of flight operations efficiency for American Airlines, Chealander also has served the air carrier as flight safety manager, chief pilot, captain and pilot. He previously spent 27 years in the U.S. Air Force and retired in 1991 as a lieutenant colonel. In 1986, President Ronald Reagan chose Chealander as his military aide.

In September 2006, President Bush nominated Chealander to the NTSB to fill a seat vacated by Ellen Engleman Conners, who left the agency in June to become executive vice president and chief executive officer of the Indiana Association of Realtors.

EXHIBIT SPACE IS GOING, GOING ...

But don't wait until it's gone! Booth sales have been brisk and exhibit hall space is more than 90 percent sold for the American Short Line and Regional Railroad Association's annual premier event. The exhibition is an integral component of ASLRRA's convention which is set for April 22-24 at the Marriott Waterfront Hotel on Baltimore's Inner Harbor.

ASLRRA members should contact Exhibits Manager Kathy Rogers (kr Rogers@cbizmedia.com) for information on remaining booths and to reserve a space. She can also be reached by phone on (609) 371-7780.

We look forward to seeing you in Baltimore. Registration Materials will be available by the beginning of February.

RAILROAD MEMBER NEEDED FOR HAZMAT-BOE COMMITTEE

The railroad industry's Hazmat-BOE (Bureau of Explosives) Committee is looking for a new member to represent the concerns and interests of short line and regional railroads. The committee, which is sponsored by the Association of American Railroads, discusses and decides best practices related to the safe, secure, and efficient transportation of hazardous materials and also oversees the activities of the Transportation Technology Center, Inc.'s Bureau of Explosives.

The ideal individual will possess a background in rail transportation, knowledge of the short line and regional railroad industry, and current involvement with rail transport of hazmat. They should be of manager rank or higher, be able to attend committee meetings additional to their job duties, and be able to expense travel to and from those meetings, three or four of which are held annually.

The selected individual will need to keep closely in touch with the ASLRRA, so that matters of interest to the short line and regional railroad community may be promptly communicated and acted upon. This will include advising of meeting dates and matters to be discussed, forwarding on meeting agendas, dockets and minutes, and formulating positions representative of the best collective interests of short line and regional railroads.

Interested persons should please contact Dave Mears (dmears@aslrra.org) at 202-585-3436 as soon as possible for further information.

ASLRRA WELCOMES NEW MEMBERS

Recently the ASLRRA welcomed a new railroad member, and a new associate member. The new rail member is:

Lucas Rail Lines d/b/a Louisville, New Albany & Corydon Railroad, 3199 Harrison Way NW, Corydon, Indiana 47112, (812) 738-1147, Fax (812) 734-0466, e-mail jnssharks@aol.com, of which Jeremy Albin is Administrative Manager, and Victor Sauerheber is Operations Manager.

The new associate member is:

Tech Products, Inc., 105 Willow Ave., Staten Island, New York 10305, (718) 442-4900, Fax (718) 442-2124, website: www.techproducts.com, e-mail: team@techproducts.com, providing warning and danger signs since 1948 following all DOT, OSHA and MUTCD standards. Our products have been field proven and UL tested to ensure their quality. This provides the longevity needed that will cut your labor costs, of which Daniel O'Connor is the sales manager.

G&W NAMES VEST TO SUCCEED GROSSMAN

Genesee & Wyoming Inc. announced Friday that Jerry E. Vest has assumed responsibility for GWI's government and industry affairs from Robert Grossman.

The succession was planned when Vest joined the company in 2005 as vice president of government & industry affairs, bringing more than 20 years of rail-freight experience in marketing, sales, customer service, strategic planning, operating and development positions. Vest has worked for three Class I carriers – Conrail, CSX and Canadian National. In addition, as vice president and general manager for Great Lakes Transportation, he was responsible for the Bessemer & Lake Erie Railroad and the Pittsburgh & Conneaut Dock Company, including their government affairs activities.

Grossman, executive vice president of government & industry affairs since 2002, began his noteworthy career in the rail industry as a founder and officer since 1971 of Emons Transportation Group. He served as chairman, president and CEO of Emons from 1979 until its acquisition by GWI in 2002. He will continue in a part-time capacity as vice president of government & industry affairs for GWI's Oregon Region, which includes the Portland & Western Railroad.

Grossman serves on the Board of the American Short Line and Regional Railroad Association (ASLRRA) and is a member of its Legislative Policy Committee. He is one of the founders of Railroads of New York (RONY), recently completed three years as its first president, and is currently a board member, Executive Committee member and treasurer of the Oregon Rail Users League (ORULE).

“Robert has done an outstanding job managing government & industry affairs for the company and has made a major contribution to our success,” Mortimer B. Fuller III, chairman and CEO, said. “Fortunately, he will continue to represent the company on the ASLRRA and to serve our Oregon Region in a part-time capacity.

“We are very pleased to have Jerry assume leadership of our government & industry affairs,” Fuller continued. “He brings broad rail experience to the job and has worked closely with Robert under a succession plan over the last year.”

IAIS ACQUIRES LINCOLN & SOUTHERN

The Iowa Interstate Railroad recently acquired the Lincoln & Southern Railroad from PolyOne Corporation. Permission had been given by the STB on December 22, and the transaction was closed on December 31. To view the entire press release, click [here](#).

OHIO RAIL COMMISSION REAPPOINTS FOUR

The Ohio Rail Development Commission recently retained four commissioners, who were reappointed by state political leaders.

Ohio Gov. Bob Taft reappointed commissioners Harold Wolfe, former chairman of Wyandot Dolomite Inc., and Solomon Jackson, manager of real estate for Norfolk Southern Corp. Ohio Senate President Bill Harris reappointed Thomas McOwen and Ohio Speaker of the House Jon Husted reappointed Daniel Roberts.

An independent agency within the Ohio Department of Transportation, the commission comprises 10 voting and four non-voting members. The commission oversees freight and passenger railroad issues, grade crossing safety, and rail travel and tourism.

CSLRA CELEBRATES 15TH ANNIVERSARY



Left to right: John Cockle and Jalene Forbis enjoy the ride; conference attendees enjoy the view of the Sierra Nevadas from one of the dome cars. Photos courtesy of Jalene Forbis.

The California Short Line Railroad Association (CSLRA) recently celebrated their 15th Anniversary on the Fall Train Ride. The BNSF donated the use of the Bay View dome car and Missouri River business car for the train trip. RMI sponsored a third car, the Silver Lariat, another dome car that brought the consist to 3 cars for the trip that originated in Emeryville and traveled through the Sierras on the way to Reno, NV. The group of 96 stayed overnight at the Silver Legacy and returned the following day.

Aboard the train, CSLRA President Ken Beard III, thanked the former Board Members for their service and gave gavels to all past Presidents. David Parkinson was the Charter President, following him was Ken Beard, Jr; Andrew Fox and John Cockle. It was Parkinson's vision and drive that created the CSLRA to counter the rash of punitive legislation after the Cantera Loop Spill. In 15 years, the California Short Line Association has become active in state and national issues and is a model organization that many state associations strive to replicate.

The CSLRA would like to thank their sponsors that made the train ride possible: BNSF for donating two business cars and supplying the bar, RMI for paying for the 3rd car and providing the computer bags for each of our passengers, Union Pacific for paying for the lunches, CCT for paying for the Timetables, John Signor for creating the Timetables and our car hosts Nick & Susan Nicholas.

For more information about the CSLRA please visit their website www.cslra.org or email Executive Director, Jalene Forbis, cslra@hotmail.com.

GILBERTSON TAGGED TO LEAD MRRA

Peter A. Gilbertson has been elected president of the Minnesota Regional Railroad Association, effective January 1, 2007. He succeeds William F. Drusch, chairman of the Twin Cities & Western and Red River Valley & Western railroads.

Mr. Gilbertson is president of Anacostia & Pacific Company, Inc., a Chicago-based rail development firm with five operating rail affiliates, including: Chicago SouthShore & South Bend, the Louisville & Indiana, New York & Atlantic, Northern Lines Railway, and Pacific Harbor Line, Inc. railroads.

Other new officers include:

- First vice president -- Lynn Anderson, senior vice president of marketing, Cedar American Rail Holdings, Inc., Sioux Falls, SD;
- Second vice president -- Dan Rickel, president, Northern Lines Railway, St. Cloud, MN;
- Secretary-treasurer -- Andy Thompson, president, Red River Valley & Western Railroad, Wahpeton, ND

All have been elected to a two-year term. John Apitz of Messerli & Kramer, P.A., a St. Paul law firm, continues to serve as executive director.

The Minnesota Regional Railroads Association was formed in 1987 and represents ten smaller railroads that operate about one-fourth of Minnesota's 4,500 route miles of track, plus two Class I carriers that are associated with the MRRA in support of its goals. MRRA carriers provide rail service to more than 160 communities and employ about 500 men and women throughout the state.

TC&W NAMES NEW VP MARKETING & SALES

The Twin Cities & Western Railroad Company has appointed Robert Henry vice president Marketing and Sales, effective November 13. Based at the Glencoe, MN headquarters of the 229-mile regional railroad, he reports to Mark Wegner, executive vice president and chief operating officer, and works closely with Lloyd Host, who continues to serve as vice president Marketing and Sales.

Mr. Henry joins TC&W with 10 years of railroad experience, most recently as director Rail and Transload Development at BNSF Logistics, a subsidiary of Burlington Northern Santa Fe Corporation. He previously served as manager business development for the Arkansas & Missouri Railroad. He began his railroad career in 1997 with Union Pacific Distribution Services at Omaha serving as coordinator of operations. In 1999, he joined UP Railroad as project manager Technical Support for the Marketing and Sales department, advancing to account representative in 2000. He subsequently served as business manager in UP's Marketing and Sales department at Chicago from 2001 until 2004, when he joined A&M in Springdale, Ark. A native of Tacoma, Wash., Mr. Henry majored in Finance and Economics and holds bachelor of business administration degree from the University of Nebraska. From 1989 to 1997, he served as a logistics specialist in the Nebraska Army National Guard.

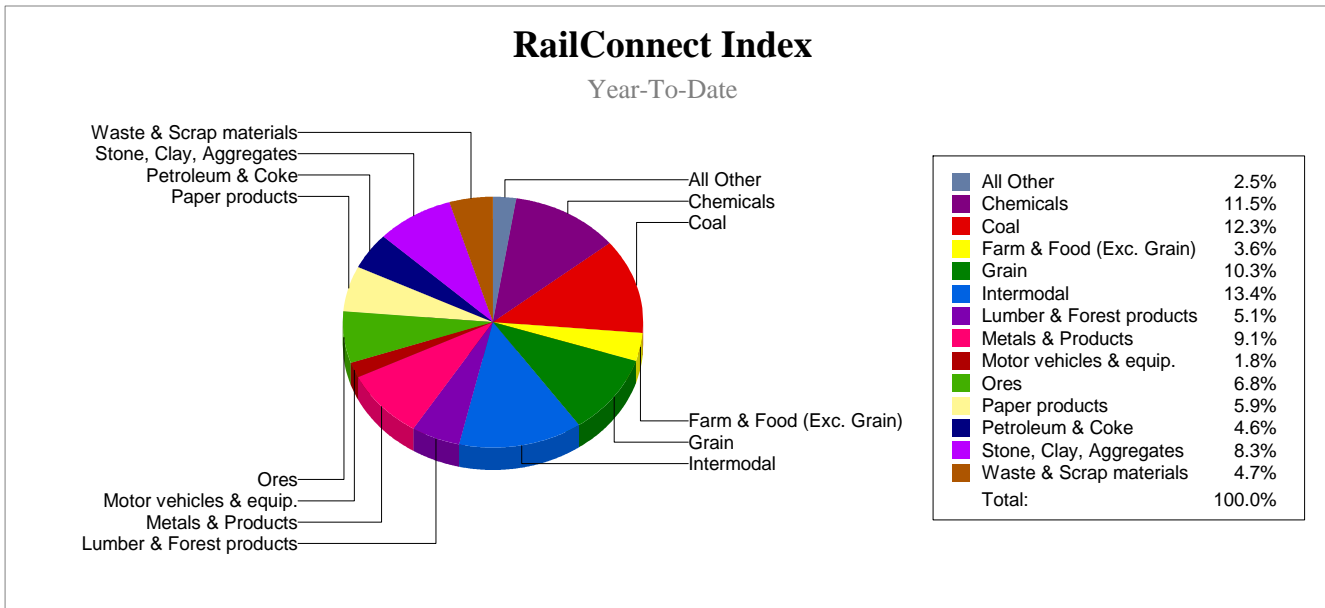
RMI RAILCONNECT INDEX OF SHORT LINE TRAFFIC

For the week ending: 12/16/2006

Week Number: 50

Number of Railroads: 303

	Current Week			Year-To-Date		
	2006	2005	% Change	2006	2005	% Change
Carloads Handled						
Coal	17,489	15,646	11.78%	756,637	706,183	7.14%
Grain	13,968	12,650	10.42%	631,900	601,838	5.00%
Farm & Food (Exc. Grain)	4,639	4,626	0.28%	218,099	209,900	3.91%
Ores	6,086	7,701	-20.97%	417,550	444,211	-6.00%
Stone, Clay, Aggregates	10,113	8,787	15.09%	509,625	489,355	4.14%
Lumber/Forest Prods.	6,334	7,878	-19.60%	315,501	347,920	-9.32%
Paper Products	7,766	8,828	-12.03%	358,916	371,104	-3.28%
Waste & Scrap Materials	5,840	5,982	-2.37%	288,559	270,492	6.68%
Chemicals	16,115	14,125	14.09%	707,488	695,494	1.72%
Petroleum & Coke	5,171	5,395	-4.15%	284,006	251,052	13.13%
Metals & Products	10,017	10,409	-3.77%	558,683	517,898	7.88%
Motor Vehicles & Equip.	3,086	2,582	19.52%	109,736	111,774	-1.82%
Intermodal	13,885	16,998	-18.31%	819,453	865,842	-5.36%
All Other	2,812	3,275	-14.14%	154,692	150,932	2.49%
Total	123,321	124,882	-1.25%	6,130,845	6,033,995	1.61%



RAILROAD TRAFFIC

According to the AAR final carload statistics for 2006, U.S. carloads were up 1.5 percent, with 16,936,794 carloads originated, compared to 16,691,287 cars originated in 2005. Carloads for U.S. non-Class I's that submit data to the AAR were down 6.7 percent for the year – although they were up 2.5 percent in the East, they dropped 26.9 percent in the West. U.S. intermodal traffic was up 5.0 percent from 2005 figures; Canadian totals were up 5.1 percent. South of the border, carloads were down 29.4 percent, while Mexican intermodal figures dropped at a rate of 10.7 percent.

EMBARGO NOTICES AND REROUTE ORDERS

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

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