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American Short Line and Regional Railroad Association

# VIEWS & NEWS

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## Upcoming Events

BNSF Short Line  
Seminar  
Oct. 15-17  
Fort Worth, TX

ASLRRRA Eastern  
Region Meeting  
October 22-24  
Lancaster, PA

CN Annual Short Line  
Conference  
October 30-31  
Montreal, PQ

Rail Industry Safety &  
Operations Conference  
Nov. 29-Dec. 1  
San Antonio, TX

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

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

Questions? Comments?  
[E-Mail Us.](#)

Currently, Railroad  
Security Alert Level  
2 is in Effect

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## **AUSTIN PROVIDES AWESOME SETTING FOR CENTRAL PACIFIC REGION**

Almost 200 people attended the Central Pacific Region Meeting, held October 1-3, at the famous Driskill Hotel in Austin, Texas. Austin is a city full of history and diversions, some of which included the vintage Austin Steam Train, the University of Texas, and the state capitol building. Also fortuitously timed, were the Old Pecan Street Fall Festival, and the Blanton Art Gallery's exhibition of Rembrandt's etchings, in honor of the 400<sup>th</sup> anniversary of the artists birth.

Monday morning, Central Region VP Mike Ogborn welcomed the ASLRRA's members to Austin, ASLRRA President Richard Timmons outlined the key issues in the industry and how they might play out, and ASLRRA VP & General Counsel, Keith Borman, discussed pressing issues facing our industry. Upcoming rule changes coming out of FRA's RSAC were reviewed by Tom Streicher, ASLRRA's General Superintendent of Safety and Operating Practices, Railinc Business Analyst Larry O'Neal gave an introduction to the new online Car Clearinghouse and Embargo systems, and CABT National Field Director, Misti Rice, outlined the steps needed to protect your business in the wake of potential increases in truck sizes. At the luncheon, Kris Heckmann, Governor's Advisor for Transportation, talked about the plans for the upcoming Trans-Texas corridor, after which attendees returned for a series of breakout sessions. These included an update on the current legislative climate by LPC Chairman Ed McKechnie; how to meet the standards of Interline Service Agreements from AAR AVP-Business Services Jeffrey Usher; a review of the Serving Carrier/Reciprocal Switch Database (SCRS) by Chuck Adams, UP's Sr. Director Revenue and Information Management; and a how to session on conducting a disciplinary hearing from BNSF's AVP of Labor Relations, Milton Siegele.

On Tuesday morning the business session kicked off with a spotlight on ethanol by Dan Sabin of Iowa Northern Railway Company, Dennis Miller of Iowa Interstate Railroad, Ltd., and ASLRRA Executive Director Stephen Sullivan; followed by Short Line Integration Team Chair, Judy Petry, with an update on short line event reporting, and ASLRRA's Sr. Director of Equipment and Service Performance Dave Mears and FRA Director for Security William Fagan talked about the steps needed to prepare for natural disasters. After Reilly McCarren, President, Arkansas & Missouri Railroad discussed the findings of the MIT terminal velocity study, the meeting ended with Pacific Region VP Tom Schlosser providing a recap of the meeting. At the recap, business was concluded with the announcement that Kirk Hawley and David Perkins had been reelected, and that the Pacific Region will postpone their elections to a date in the near future. A special thank you goes out to the Central Region Board: Kirk Hawley, Reilly McCarren, Mike Ogborn, David Perkins, Judy Petry, Andrew Thompson, and J.D. Ventrcek; the Pacific Region Board: Ken Doiron, Andrew Fox, Paula Henry, Tom Nielsen, and Tom Schlosser; and the volunteers that helped make the meeting such a success: Jalene Forbis, Steve Friedland, Beth Garguilo, J.R. Gelnar, Judy Petry, and J.W. Smith.

A special thank you goes out to all sponsors of our region meetings. We wouldn't be able to put on these meetings without their help. A special article will be placed in Views & News at the close of the region meetings recognizing each of these sponsors.

## **SENATE PASSES RAIL SECURITY PROVISIONS**

The United States Senate recently adopted several rail security amendments as part of the port security bill that cleared the floor by a vote of 98-0. The legislation, H.R. 4954, now heads to conference with a similar measure cleared by the House in May. As passed, the bill addresses port security, including the scanning, screening and searching of inbound containers. Of particular interest to freight railroads are the following:

- Maritime facility security plans would also apply to "individuals engaged in the surface transportation of intermodal containers in or out of a port facility."
- Inspections of maritime facilities to verify effectiveness of security plans will occur at least twice a year, with at least one of those inspections to be unannounced.
- Stipulates that a transportation worker identification card requirement must be implemented in the top ten ports by July 2007; the next 40 ports by January 2008; and all ports by January 2009.
- Interagency operational centers for port security will be established within three years at all high-priority ports.
- Authorizes \$400 million for port security grants. Any entity subject to the area maritime transportation security plan (which would include railroads) may submit an application for a grant.

- All containers entering the 22 busiest seaports of entry shall be examined for radiation by January 2008.
- DHS must conduct a study of the need for and feasibility of establishing a system of ocean-borne and port-related transportation user fees that may be imposed and collected as a dedicated revenue source, on a temporary or permanent basis, to provide for port security improvements.
- DHS must develop a plan within one year to conduct random searches of containers.
- DHS must prepare a strategic plan within six months to enhance security of the international supply chain, to include a process for sharing intelligence and information with private sector stakeholders to assist in their security efforts. The strategic plan will also include a plan to “redeploy resources and personnel as necessary to reestablish the flow of trade in the event of a transportation disruption.” (A transportation disruption could include a labor dispute or weather event.)
- The Coast Guard is authorized to give preference to certain cargo entering the U.S. following a maritime transportation security incident.
- Authorizes the Customs-Trade Partnership Against Terrorism (CTPAT), a voluntary government/private sector program, to provide incentives to shippers and carriers to implement security safeguards within the supply chain. A Tier 1 certification process for applicants must be completed within 90 days, to the extent practical. DHS has one year to validate the security measures practiced by a Tier 1 participant, including on-site visits. After validation, the applicant would become a Tier 2 participant and receive additional benefits such as reduced examination of cargo. For those participants demonstrating a sustained commitment to supply chain security measures, they could become Tier 3 participants.

In addition to the underlying bill, several amendments were adopted that address rail security in particular, the most prominent of which are the McCain (R-AZ) and Stevens (R-AK) amendments. These amendments include the following provisions of interest:

- Within six months, DHS must conduct a rail transportation risk assessment, taking into account public and private sector actions, and make recommendations.
- Rail police officers would be authorized to operate on any rail carrier.
- Authorizes system-wide Amtrak security upgrades as well fire and life safety grants for six NY tunnels, Baltimore & Potomac tunnel and Union tunnel, and DC Union Station tunnels.
- Authorizes \$350 million in DHS grants for freight railroads, Alaska railroad, hazmat shippers, owners of rail cars used in hazmat, universities, colleges and research centers, state and local governments for full or partial reimbursement of costs incurred in the conduct of activities to prevent or respond to acts of terrorism or sabotage.
- Authorizes \$50 million/year for FY 2007 and FY 2008 to test new emergency response techniques and technologies, the development of new freight security technologies, and emergency response training.
- Expands the current rail safety whistleblower protection program to cover rail security whistleblower issues.
- Requires DHS to develop guidance for rail worker security training to include determination of the seriousness of any occurrence, crew communication and coordination, appropriate responses to protect oneself, use of protective devices, evacuation procedures, psychology of terrorists, situational training and anything else DHS deems appropriate. Within 90 days after guidance is issued, railroad carriers shall develop and submit their training programs for review. Then, within one year of a DHS review, railroads must complete training of all front-line workers. Frontline workers means security personnel, dispatchers, train operators, other onboard employees, maintenance and maintenance support personnel, bridge tenders, and others as deemed appropriate by the Secretary. DHS will also issue guidance for training for rail shippers.
- DHS shall require railroads transporting certain hazmat materials to develop threat mitigation plans, to include alternative routing and temporary shipment suspension options under various threat levels.
- DHS must develop a program to encourage the equipping of rail cars transporting high hazmat with wireless terrestrial or satellite communications.

The timetable remains uncertain for completion of a final bill, but with many other competing demands for Members’ time, it is perhaps more likely that a final measure would be considered during a lame duck session following the November elections.

## **ORIGIN ROAD-BILLING INDUSTRY INITIATIVE**

The Revenue Systems Working Committee (RSWC) of the AAR is reviewing potential origin road-based billing within the industry. The Origin Road Billing Initiative TAG has been developed to further research the advantages and disadvantages of such a change.

The reason for this initiative is to review the following problem statement:

**Problem Statement:** Allowing the shipping customer to determine which railroad will do the freight billing based on a 'Prepaid' or 'Collect' designation on the bill of lading creates significant back office costs related to autorate failures, ISS disputes, overcharge claims, delays in cash flow and in some cases a total loss of cash for an effected carrier. The desired state is to eliminate this added back office cost by recommending and implementing freight mandatory rules requiring the rail industry to be origin based billing which means in all freight billing scenarios that the origin road haul carrier will be the freight billing carrier.

The RSWC will be sending out a survey for Interline Settlement System (ISS) carriers to respond to. If your road participates in ISS and you have not received the survey by October 18, 2006, contact Latrell Jefferson Kellon at [latrell.jefferson@railinc.com](mailto:latrell.jefferson@railinc.com) to receive one.

It is important that your railroad participate in the survey so the TAG has your comments prior to their recommendation to the full RSWC.

## **AAR ANNOUNCES TREASURY/FINANCE ANNUAL MEETING**

The Association of American Railroads has announced their 93<sup>rd</sup> Railroad Treasury/Finance Annual Meeting at the Phoenician in Scottsdale, Arizona on November 12-14. For more information, contact Stephanie Kilfeather at [skilfeather@aar.org](mailto:skilfeather@aar.org). For information on the agenda, the hotel, and how to register, click [here](#) to see the notice.

## **CBP TO HOST ACE EXCHANGE CONFERENCE**

U.S. Customs and Border Protection (CBP) will host an Automated Commercial Environment (ACE) Exchange conference in Tucson, Arizona from October 30 - November 2. The Importer/Broker session will discuss the benefits and operational impacts ACE will have on your business. This session will also have a separate break out session for ABI software vendors and self programmers to discuss upcoming ACE related CATAIR changes. Mr. W. Ralph Basham, Commissioner of CBP, is currently scheduled to speak on October 31st. Commissioner Basham was recently appointed to this role and brings a wealth of knowledge, dedication and experience.

Details of this conference, including a draft agenda, are posted [here](#). If you would like to attend, please register as soon as possible as space is limited.

## **CSX INTERCHANGE PROVIDES KEY INFORMATION FOR SHORT LINES**

CSX recently issued its Summer 2006 edition of Interchange. Interchange is CSX's quarterly newsletter designed to provide short line and regional railroads with important policies and information facilitating the growth of business. In this issue, CSX provides information on safety and hazmat training for Class II and III railroads, the upcoming 2007 CSX Short Line Workshop, and ethanol's role in increasing traffic along short lines and regional railroads. These and many other topics can be found at the CSX Interchange website [here](#).

## **DHS RELEASES PREPAREDNESS NEWSLETTER**

The Department of Homeland Security recently released the second volume of the DHS Cyber Preparedness eNewsletter. This newsletter represents the commitment of keeping railroads informed of and engaged in collaborative initiatives and progress toward the DHS mission of securing cyberspace and America's cyber assets. To view the newsletter, click [here](#).

## **FRA OBSERVES LAL'S GROWTH FIRSTHAND**

On the day the government announced that more than 51,000 new jobs were created in the U.S. during September, the nation's top rail official toured a short line railroad here that is creating new jobs and attracting new businesses - including the world's largest pasta maker - along its tracks.

Federal Railroad Administrator Joseph H. Boardman today rode the Livonia, Avon and Lakeville Railroad (LAL), to see first-hand new facilities under construction, and existing area businesses served by the railroad. The tour included a look at the construction site of a new facility by pasta maker Barilla America, which is slated to bring 120 additional jobs to the region.

Boardman said what is happening in Livingston County also is happening around the country, noting that "everywhere we look the U.S. economy is creating jobs by the thousands." He said September job growth marked the 37th straight month that the economy has added jobs, noting that since August 2003, the economy has added more than 6.6 million jobs. The FRA Administrator said that unemployment declined in September from 4.7 to 4.6 percent, while hourly wages were at their highest level since June of 2001.

Boardman explained that safe, reliable and efficient transportation is crucial to economic growth and development. He said Barilla selected the location to expand its production capabilities largely because of a rail connection to receive large quantities of bulk products, like flour and wheat, and highway access to distribute finished products by truck.

Boardman added industrial development projects like that of Barilla open the eyes of other industries looking to expand or relocate. "The fruits of this 'food corridor,' show up on dinner tables, in lunch boxes and coffee cups all around the country." He cited the example of Kraft foods, which has been in the area for many years, and is the only plant in the world that manufactures 'Cool Whip.' Boardman says this type of transportation-oriented regional development provides America with many of the simple products we take for granted every day.

"All across this great nation, our economy is growing at a record pace," said Boardman. "One way to sustain and strengthen this momentum is to invest in transportation."

## **HANCOCK FAMILY SELLS SMVRR**

Captain G. Allan Hancock's only grandchild and her family have signed an agreement to sell the name and operating assets of the Santa Maria Valley Railroad Company and approximately fourteen miles of right-of-way to the Coast Belle Rail Corp. owned by the Himoto and Larsen-Neubert families of San Luis Obispo, Cal. The Hancock family will maintain ownership of the railroad yards and adjacent commercial and industrial properties maintaining their long established interest in the Santa Maria Valley.

The Santa Maria Valley Railroad, established in 1911, was purchased by G. Allan Hancock out of bankruptcy fourteen years later. Since that time, the SMVRR has played an important role in the development of the Santa Maria Valley by hauling vegetables, lumber, steel, machinery, asphalt, aluminum, fertilizers, and other industrial products.

The railroad will continue to operate under the family ownership of the Himoto and Larsen-Neubert families. "We have much respect for the history of the railroad, which was one of the top short line railroad companies in the nation and we are very optimistic about the future long term prospects for the Santa Maria Valley Railroad," said Rob Himoto, President of the Coast Belle Rail Corp.

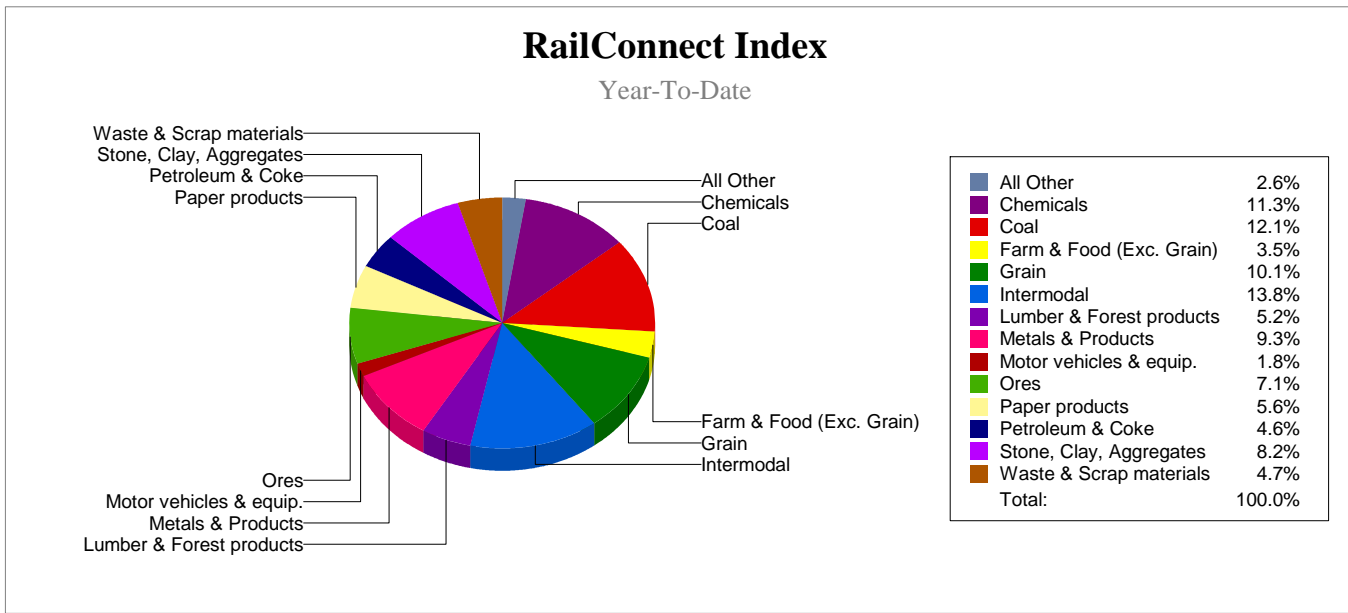
## RMI RAILCONNECT INDEX OF SHORT LINE TRAFFIC

For the week ending: 9/02/2006

Week Number: 35

Number of Railroads: 284

Carloads Handled	Current Week			Year-To-Date		
	2006	2005	% Change	2006	2005	% Change
Coal	15,740	15,681	0.38%	565,055	530,512	6.51%
Grain	13,704	12,363	10.85%	469,305	451,595	3.92%
Farm & Food (Exc. Grain)	4,618	4,597	0.46%	162,650	151,833	7.12%
Ores	9,415	9,225	2.06%	330,387	336,155	-1.72%
Stone, Clay, Aggregates	11,689	11,622	0.58%	381,918	360,321	5.99%
Lumber/Forest Prods.	6,635	7,382	-10.12%	240,040	257,227	-6.68%
Paper Products	7,394	7,469	-1.00%	262,219	269,198	-2.59%
Waste & Scrap Materials	6,213	5,691	9.17%	220,685	202,621	8.92%
Chemicals	14,313	12,848	11.40%	526,987	526,614	0.07%
Petroleum & Coke	5,936	4,524	31.21%	215,446	192,017	12.20%
Metals & Products	10,759	10,748	0.10%	435,313	392,238	10.98%
Motor Vehicles & Equip.	2,046	2,633	-22.29%	83,387	83,980	-0.71%
Intermodal	16,431	19,197	-14.41%	642,612	640,456	0.34%
All Other	3,199	3,517	-9.04%	122,222	112,122	9.01%
<b>Total</b>	<b>128,092</b>	<b>127,497</b>	<b>0.47%</b>	<b>4,658,226</b>	<b>4,506,889</b>	<b>3.36%</b>



## **RAILROAD TRAFFIC**

According to the AAR, U.S. carloads were up 2.4 percent in the week ending September 30 2006, with 345,299 cars originated, compared to 337,370 cars originated in 2005. Carloads for U.S. non-Class I's that submit data to the AAR were down 2.9 percent for the week and 6.6 percent for the year to date. U.S. intermodal traffic was up 4.9 percent for the week and 6.3 percent for the year to date. U.S. and Canadian intermodal traffic is up 5.1 percent for the year. Total volume is up 2.6 percent for the year, with an estimated total of 1,304.3 billion ton-miles.

For just the week ending September 23, 2006, U.S. carloads were up 1.0 percent and carloads for U.S. non-Class I's that submit data to the AAR were down 16.6 percent. Carloads were down 2.7 percent in the East and up 4.1 percent in the West. U.S. intermodal traffic was up 6.2 percent for the week.

## **EMBARGO NOTICES & REROUTE ORDERS**

A complete listing of embargo notices is available at [embargo.railinc.com](http://embargo.railinc.com).

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