

American Short Line and Regional Railroad Association

VIEWS & NEWS

VOLUME 75

NUMBER 11

JUNE 23, 2008

Upcoming Events

2008 Railroad Liability
Conference
July 22-23-24
Kansas City, MO

2008 Southern Region
Meeting
September 14-15-16
Charlotte, NC

2008 Central-Pacific
Region Meeting
September 28-29-30
New Orleans, LA

2008 Eastern Region
Meeting
October 12-13-14
Williamsburg, VA

Questions? Comments?
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the ASLRRA Classified Ads



Currently, Railroad
Security Alert Level
2 is in Effect

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ASLRRA WELCOMES ANOTHER NEW MEMBER

ASLRRA welcomes **e-RAILSAFE** as an associate member. **e-RAILSAFE** provides single source solutions for background screening and related compliance needs, including safety orientation, background screening, credentialing and tracking of railroad employees and contractors. Basing in Atlanta GA, they may be contacted at M: 900 Circle 75 Parkway, Atlanta GA, 30339, P: (770) 859-9899, E: support@e-railsafe.com.

'500-YEAR' FLOOD ENGULFS MIDWEST RAILROADS

Over the past two weeks, rivers swollen by prolonged heavy rains overflowed their banks and flooded many areas of the Midwestern U.S. Particularly hard hit was Iowa, where nearly 40,000 residents were displaced by rising waters, which also threatened to drown 20 percent of the state's 2008 corn crop. Some disaster relief officials said that the flooding was as bad, if not worse, than the once-in-500-years flood that struck the Midwest in 1993.

Both large and small railroads were impacted by the flooding. At one time during the last two weeks, three Class 1 east-west routes across Iowa -- those of BNSF, Canadian National, and Union Pacific -- were put out of service by floodwaters. To keep its Transcon Line open through Fort Madison, IA, BNSF dumped carloads of extra ballast so that maintenance-of-way equipment rushed to the scene could raise one of the Line's main tracks above the expected crest of the water level. Also affected were Canadian Pacific, whose main line between the Twin Cities and Chicago was extensively washed out in several locations, and Norfolk Southern, which temporarily closed its Mississippi River crossing at Hannibal, MO. Amtrak truncated or canceled outright its "California Zephyr," "Empire Builder," and "Southwest Chief" long-distance trains, but was working with their host railroads to restore them to service, including temporarily detouring some portion of their runs onto alternate routes.

Some of the short line and regional railroads affected by the flooding and their situations at this writing are as follows:

Burlington Junction Rwy: Suffered flood damage to tracks. Steamboat Days events were interrupted.

Cedar Rapids & Iowa City Rwy: CRANDIC's 105-year-old bridge into Cedar Rapids was washed away by the overflowing Cedar River. Cars put on the bridge to try to weigh it down were also washed away. The railroad's yard in Iowa City was submerged in several places and may not be completely back in service for two more months. However, the line connecting to the Iowa Interstate RR is now being repaired and should be back in service later this week.

Iowa, Chicago & Eastern RR: Numerous washouts on its Kansas City, Mason City, and River Subdivisions. All lines being repaired and all possibly back in service by the end of the month or sooner.

Iowa Interstate RR: Several washouts and related damage on main and secondary lines, however, its main line west of Des Moines resumed operation late last week. A railroad spokesman said that it hopes to have its line through Iowa City and into Illinois back in service later this week.

Iowa Northern Rwy: IANR's line between Clarksville and Cedar Falls, and between Waterloo and Cedar Rapids were both severely damaged. Its locomotive shop in Waterloo was flooded out. The Union Pacific-owned bridge used by IANR to cross the Cedar River washed away. IANR's headquarters building was damaged by flooding and the railroad is now in temporary offices. However, everything west of the Cedar River at Waterloo is now back in service and repairs will start later this week on lines east of the river.

Iowa River RR: Numerous washouts on their line between Eldora and Marshalltown, IA, including loss of three bridges on this line.

Keokuk Junction Rwy: Twin Rivers Yard was damaged due to flooding. Main offices were also flooded. However, service is continuing with some delays to customers.

Wisconsin & Southern RR: Experienced flood damage to their line between Madison and Prairie du Chien. Flood damage was also reported on its lines between Madison and Reedburg and between Madison and Watertown.

ASSISTANCE WITH SUBMERGED EQUIPMENT AND EMBARGOES

In assistance to railroads dealing with Midwest flooding, the Federal Railroad Administration has opened an emergency docket for applying for flood damage relief from certain requirements of 49 CFR regulations.

Railroads applying for relief from periodic locomotive inspections should file under Docket No. FRA-2008-0009. Also, FRA's MP&E Division and its regional inspectors will be working closely with railroads to evaluate and assist in processing one-time movement (OTM) authorities for submerged equipment, as required to move this equipment to destinations for reconditioning of bearings and renewal of air brake components. Normal OTM processing procedures, as identified in the MP&E Compliance Manual, should be followed. For more information on this process, click [MP&E One Time Movements](#). For answers to general questions about this process, contact ASLRRRA's Tom Streicher at E: tstreicher@aslrro.org, P: (202) 585-3434 or ASLRRRA's Steve Sullivan at E: sullivan@aslrro.org, P: (202) 585-3432.

Railroads needing assistance in embargoing shipments to customers on rail lines impassable until damage can be repaired should use the new AAR Embargo & Permit Management System. This system allows railroads to electronically issue, amend and cancel an embargo. It will also allow a railroad's designated embargo officer to grant permit(s) for specific shipments to proceed to an embargoed destination. For more information about the system, link to <https://aarembargo.railinc.com/epdb/public.do>. For assistance in using the system, contact Railinc's Tracy Brewer at E: tracy.brewer@railinc.com, P: (919) 651-5204.

TAX CREDIT DEVELOPMENTS

Vigorous efforts continue to be put forth to extend the 45G Short Line Tax Credit, which has proven so helpful over the last few years to short line and regional railroads working to rebuild and improve their infrastructure. Recently, the U.S. House of Representatives passed H.R. 6049, which authorized extending this tax credit (and several key others) for one year retroactive to December 31, when previous tax credit legislation expired.

The House-passed legislation was recently introduced in the Senate, where it needs 60 votes to end debate and bring to a vote, and then 51 votes to pass. Two recent procedural votes, one on June 10 and another on June 16, failed to gain the necessary 60 votes. Keith Hartwell of ASLRRRA's associated firm, Chambers, Conlon & Hartwell, notes that, "the dispute is a partisan one that involves how all the tax items in the package will be paid for. Democrats want them paid for with tax increases on others and the Republicans don't believe Congress should have to raise taxes to cut taxes. The two procedural votes demonstrate that neither side has enough votes to proceed, so it is hoped that real negotiations are proceeding."

Mr. Hartwell reminds all railroads of the importance of contacting their senators in support of this legislation, which is sponsored by Senate Finance Chair Max Baucus (D-MT) and formally known as the Baucus Tax Extenders Substitute. Mr. Hartwell recommends first talking with Chris Johnson of his staff (E: chris.johnson@cch-llc.com, P: (202) 638-7790) so that your intention to contact may be noted and any assistance may be provided you as to whom specifically to contact and how to craft your message of support.

CAR HIRE RCH IMPLEMENTATION POSTPONED, RAILROADS MAY STILL SIGN UP

The industry's Equipment Assets Management Working Committee and Railinc have recently announced that the implementation of Car Hire RCH will be postponed. The postponement relates to additional programming that the committee requested. A new implementation date has not yet been established.

Sometimes known as "Rule 3 and 14 Changes," a title which relates to the applicable car hire rules, Car Hire RCH provides for an electronic settlement of car hire funds on a net/net basis through the Railroad Clearinghouse. The system will allow for the number of car hire settlements a carrier must make on a monthly basis to be reduced to one - a single transfer through RCH. Additionally, a new user interface will allow carriers to directly enter Car Hire Data Exchange (CHDX) data, establish negative payable thresholds, and establish contact information. Participation in Car Hire RCH is voluntary, however, concurrent with the new system being implemented, a \$5 per car-cycle administrative fee will be assessed for car hire data that must be manually processed by the car owner.

Railinc reminds short lines and regional railroads that have not yet signed up to use the new system that they may still do so. However, in order to settle car hire through RCH, a railroad will first need to complete several informational documents. To obtain these documents and get help completing them, and for any other questions about Car Hire RCH, please contact Railinc's Jim Pinson at E: james.pinson@railinc.com, P: (919) 651-5047, or Warren Alvis, E: warren.alvis@railinc.com, P: (919) 651-5001.

PREPARING FOR HURRICANE SEASON

To better assist ASLRRA members whose railroads serve areas of the country that may be subject to severe tropical storms and hurricanes, ASLRRA has prepared a document to help weather the hurricane season, which this year began June 1.

The document assembles preparation steps into four time periods: before a hurricane is forecast, during a hurricane watch, during a hurricane warning, and after the storm. To view, print and hold onto this document, link to http://www.aslrra.org/images/news_file/2008_Hurricane_Resource_Document.pdf

THE TWIC: COMING SOON

Rollout is underway for the new national Transportation Worker Identification Card (TWIC). TWIC was established by Congress through the Maritime Transportation Security Act (MTSA) and is being administered by the Transportation Security Administration (TSA) and the U.S. Coast Guard. TWIC's are tamper-resistant biometric credentials that will be issued to transportation workers who require unescorted access to secure areas of ports, vessels and outer continental shelf facilities, and to all merchant mariners. It is anticipated that more than 1 million workers, including longshoremen, truckers, port employees and others, will be required to obtain a TWIC.

Railroads that serve the following ports and need access to secure areas will need to comply with TWIC identification requirements by October 15, 2008. These ports and their enrollment and compliance dates are as follows:

Port Name	City	State	Enrollment Open Date	Compliance Date
<u>Bangor</u>	Bangor	ME	03/26/2008	10/15/2008
<u>Boston</u>	Charlestown	MA	11/30/2007	10/15/2008
<u>Bourne</u>	Carver	MA	01/23/2008	10/15/2008
<u>Burlington</u>	Shelburne	VT	07/02/2008	10/15/2008
<u>Portland</u>	Portland	ME	02/13/2008	10/15/2008
<u>Portsmouth</u>	Portsmouth	NH	04/23/2008	10/15/2008
<u>Providence</u>	Providence	RI	11/14/2007	10/15/2008

The cost of TWIC enrollment is \$137.50 per worker. Once issued, the card will be valid for 5 years. ASLRRA is currently working with the TSA and the Coast Guard to determine which short line and regional railroad employee job classifications will fall under the scope of TSA requirements. TSA will present an overview of the TWIC process at ASLRRA regional meetings in Charlotte NC, New Orleans LA, and Williamsburg VA later this year.

For more information on how to apply for the TWIC, link to http://www.aslrra.org/images/news_file/TWIC_Applicant_Instructions.pdf. For more information on MTSA facilities within a port, link to http://www.aslrra.org/images/news_file/TWIC_Owner-Operator_Instructions.pdf. For general information on TWIC, link to www.tsa.gov/what_we_do/layers/twic/index.shtm. For other questions or guidance, contact TSA's Maurine Fanguy, TWIC Program Director, at P: (571) 227-3741, or ASLRRA's Steve Sullivan at E: sullivan@aslrra.org, P: (202) 585-3432.

PATRIOT RAIL ACQUIRES LOUISIANA RAILROAD

Patriot Rail announced that it has acquired the Louisiana & North West Railroad, a short line based in Homer, LA, for an undisclosed price. The transaction marked the fifth railroad acquisition by the Boca Raton-based short line and regional railroad holding company since its inception in November, 2006. Patriot now operates a total of 321 miles of rail line in seven states.

Incorporated in 1889, the LNW operates 68 miles of track from Gibsland, LA to McNeil, AR. Major commodities shipped by the railroad include chemical products for Albemarle Corporation, wood products for Weyerhaeuser and Partee Flooring, steel products for CMC Steel Arkansas, and plastics for Berry Plastics.

WEYERHAEUSER CONSIDERING SALE OF SHORT LINES

Weyerhaeuser, one of the world's largest forest products companies, has announced that it is exploring "strategic alternatives," for its four short line railroads, including their possible sale. Also possibly for sale is Weyerhaeuser's Westwood Shipping Line.

The company's four short lines are the DeQueen & Eastern, the Columbia & Cowlitz, the Mississippi & Skuna Valley, and the Golden Triangle. A Weyerhaeuser spokesman noted that the short lines collectively serve mills in Arkansas, Oklahoma, Mississippi and Washington State, as well as other customers on their lines.

The spokesman added that its considerations were part of an "ongoing portfolio restructuring" at Weyerhaeuser and that there was not yet a confirmed timetable for completing this process.

ON TRACK FOR RETIREMENT: ROBERT GROSSMAN BIDS FAREWELL JUNE 30



L to R: Robert Grossman accepts Certificate of Appreciation from ASLRRRA Chair, Tom Schlosser at the ASLRRRA's recent Board of Directors' Meeting in San Antonio, Texas.

A long-time mover and shaker in the short-line industry is calling it quits and starting a new chapter in his life with a well-deserved retirement. Last week, Genesee & Wyoming Inc. announced that Robert Grossman, vice president of government and industry affairs for the Oregon Region, will retire June 30. "Robert represented GWI in Oregon with the same drive, determination and professionalism that he demonstrated throughout his career at GWI, and he will be missed," said Jerry Vest, GWI's VP-Government & Industry Affairs, in a prepared statement.

Grossman joined GWI's government and industry affairs department in 2002, after the holding company acquired Emons Transportation Group, which he co-founded and led as chairman, president and chief executive officer for more than 20 years. Emons owned the St. Lawrence and Atlantic Railroad Co., St. Lawrence and Atlantic Railroad

(Quebec) Inc., York Railway Co., Penn Eastern Rail Lines and an Auburn, Maine, intermodal terminal.

Robert has been an active member of the ASLRRA Board of Directors since 1999. ASLRRA Chairman, Tom Schlosser noted that Robert's "years of railroad service brought an unprecedented level of knowledge and experience to the challenges that the ASLRRA has faced and resulted in outcomes that have been favorable to Short Line railroads in all regions. This was most evident in the leadership he provided while serving in positions of responsibility as Chair of the 2003 ASLRRA Annual Convention, on the Legislative Policy Committee, State Associations/Relations Committees, and as a member of the North American Railroad Alliance. In all of these forums his counsel and thoughts were instrumental in guiding our decisions and the positive outcomes we experienced."

Robert and his wife, Gloria, have been attending ASLRRA meetings for more than 25 years and Gloria has been an active participant in planning the spouse activities as well as volunteering at the ASLRRA's registration desk. In presenting Robert with a certificate of appreciation on behalf of the board and the membership, Tom Schlosser also recognized Gloria, saying, "The Board takes great pleasure and pride in your service and chooses to make special mention of the work and personal dedication of your wife Gloria whose sincere and tireless work in many facets of the Association was without equal and produced extraordinary results."

The Eastern Region Board of Directors voted in David J. Collins, Sr. Vice President of G&W's New York/Pennsylvania Region, as their newest board member, filling Robert's unexpired term.

Anyone wanting to contact Robert can reach him at robert.grossman1@gmail.com.

INDUSTRY CONFERENCES SCHEDULED

Two notable industry conferences have now been set for the summer months.

The 116th Annual Damage Prevention & Freight Claims Conference will be held July 14 through 16 at Niagara Falls, Ontario, Canada. Sponsored by the Association of American Railroads, the theme of this year's conference is "Damage Falls Where Safety & Fluidity Flow," and will highlight how railroads ensure the many aspects of safety, especially as they relate to loading and supply chain security. Among the speakers scheduled to appear and present at the conference is ASLRRA President Rich Timmons. For further details about the conference, link to http://www.aar.org/newsroom/2008_DP_FC_Conf.asp

The 15th Annual Railroad Claims and Liability Seminar will be held July 22 through 24 in Kansas City, MO. Sponsored by Watco Companies, the program is intended to provide vital information to short line and regional railroaders working in accounting, insurance, legal affairs, human resources, risk, and claims. Also scheduled for attendees is a nighttime major league baseball game between the Kansas City Royals and the Tampa Bay Rays, as well as an optional golf outing. For further details about conference, contact Watco's Lori Magee at E: lmagee@watcocompanies.com, P: (620) 231-2230. Further information may also be gained by linking to <http://www.watcocompanies.com/LiabilitySeminar/LiabilitySeminar.htm>

AAR CLASS I TRAFFIC STATISTICS

For the week ending June 7, 2008, U.S. rail volume grand totaled 33.6 billion ton-miles, unchanged from the comparable week last year. U.S. carload rail traffic was down 2.1 percent, down 5.2 percent in the East and up 0.2 percent in the West. Notable traffic increases included nonmetallic minerals up 8.1 percent, food and food products up 6.3 percent, and coal up 2.5 percent; notable traffic decreases included metallic ores down 19.4 percent, motor vehicles and equipment down 18.6 percent, and lumber and wood products down 16.5 percent. Also for the week, U.S. intermodal rail traffic was down 1.1 percent, Canadian carload rail traffic was down 3.0 percent, Canadian intermodal rail traffic was up 7.6 percent, Mexico's Kansas City Southern de Mexico's carload rail traffic was up 2.3 percent, and KCSM's intermodal rail traffic was down 2.8 percent.

For the period January 1 through June 7, 2008, U.S. rail volume grand totaled 773.7 billion ton-miles, up 2.1 percent from the comparable period last year. Also for this period, U.S. carload rail traffic was up 0.8 percent, U.S. intermodal rail traffic was down 3.0 percent, Canadian carload rail traffic was down 3.7 percent, Canadian intermodal rail traffic was up 4.7 percent, KCSM's carload rail traffic was down 3.5 percent, and KCSM's intermodal rail traffic was up 0.8 percent. (ffd: AAR)

RAILINC SHORT LINE TRAFFIC INDEX

Beginning with this edition and additional to the customary monthly tally of short line and regional originated traffic, we are also including a tally of short line and regional terminated traffic from Railinc. We sincerely thank Railinc's Cathy Herb and Jennifer Warren of Railinc for this valuable statistical information.

The Railinc Short Line Index is movement-based, totaling loaded trips originating on all non-Class 1 railroads for all destinations and, also, all loaded trips terminating on all non-Class 1 railroads from all origins. This is tallied from all railroads that have passed movement event records to Railinc, including from all third party information services providers. In some instances, Railinc is not party to waybill information and so those unknown commodities are presented in "All Other." This index is calculated monthly and the below data is for April, 2008.

	April Originations			April Terminations		
	2008	2007	% Change	2008	2007	% Change
CARLOADS HANDLED						
Chemical	94,561	91,839	3.0%	88,427	90,542	-2.3%
Coal	45,468	39,627	14.7%	49,764	49,706	0.1%
Crushed Stone & Gravel	21,594	21,457	0.6%	65,604	56,499	16.1%
Food & Food Products	22,897	22,282	2.8%	15,975	13,303	20.1%
Grain	14,798	12,948	14.3%	13,187	10,973	20.2%
Grain Mill Products	29,568	28,970	2.1%	32,080	20,691	55.0%
Lumber & Wood Products	9,159	8,742	4.8%	11,896	11,584	2.7%
Metallic Ores	11,588	16,096	-28.0%	9,175	11,051	-17.0%
Metals & Metals Products	4,700	3,553	32.3%	11,726	11,320	3.6%
Motor Veh & Equipment	32,627	27,488	18.7%	22,749	19,628	15.9%
Nonmetallic Minerals	9,822	10,248	-4.2%	10,246	10,894	-5.9%
Petroleum Products	3,119	3,261	-4.4%	2,998	2,888	3.8%
Pulp & Paper Products	2,185	1,934	13.0%	2,544	1,966	29.4%
Stone, Glass & Glass	24,502	24,326	0.7%	15,911	16,111	-1.2%
Trailer or Container	16,363	16,135	1.4%	12,621	13,176	-4.2%
Waste & Scrap Materials	41,711	37,969	9.9%	32,374	29,299	10.5%
All Other	13,888	14,318	-3.0%	17,235	17,006	1.3%
Total	398,550	381,193	+4.6%	414,511	386,637	7.2%

RMI RAILCONNECT SHORT LINE TRAFFIC INDEX

The RMI Railconnect Index is waybill-based and totals shipments billed by non-Class 1 railroads using RMI billing products. For this report, this totals 331 such railroads. This index is calculated weekly and the below data is as of the week ending June 7, 2008, the 23rd week of this year.

	Week Ending June 7			Year-To-Date		
	2008	2007	% Change	2008	2007	% Change
CARLOADS HANDLED						
Coal	14,358	15,252	-5.86%	343,426	319,951	7.34%
Grain	13,944	14,135	-1.35%	333,603	303,562	9.90%
Farm & Food (Exc. Grain)	4,969	4,603	7.95%	122,282	111,171	9.99%
Ores	3,234	2,845	13.67%	70,601	59,726	18.21%
Stone, Clay, Aggregates	12,721	12,985	-4.34%	243,277	244,896	-0.66%
Lumber/Forest Prods.	5,458	6,143	-11.15%	112,637	143,457	-21.48%
Paper Products	,7546	8,241	-8.43%	178,580	194,846	-8.35%
Waste & Scrap Materials	6,880	5,825	18.11%	150,118	144,369	3.98%
Chemicals	16,708	16,793	-0.51%	397,709	386,661	2.86%
Petroleum & Coke	5,952	5,735	3.78%	138,360	126,958	8.98%
Metals & Products	11,875	11,727	1.26%	276,391	254,557	8.58%
Motor Vehicles & Equip.	2,468	2,087	18.26%	46,324	46,065	0.56%
Intermodal	12,936	15,386	-15.92%	299,521	334,548	-10.47%
All Other	3,145	3,210	-2.02%	69,576	71,250	-2.35%
Total	121,894	124,967	-2.46%	2,782,405	2,742,017	1.47%

EMBARGO NOTICES AND OPSL STATION NOTES

A complete listing of embargo notices and OPSL (Open & Prepay Station List) notes is available by linking to <https://aarembargo.railinc.com/epdb/public.do>.

Views & News is published by...
 American Short Line and Regional Railroad Association
 50 F Street, N.W., Suite 7020, Washington, DC 20001
 (202) 628-4500 FAX (202) 628-6430 aslrta@aslrta.org