Q1 Short Line Intermodal Traffic Up 16.5%

Intermodal movements for Class II & III railroads are up 16.5% for the first quarter 2016 over the same time period for 2015, compared to a 1.5% rise for Class I’s over the same period. Also doing well over the same time period are chemicals (+10.7% to +3.2%), metal products (+1.9% to -8.4%) and paper products (+0.2% to -3.9%). The rise in intermodal traffic on Class II and III railroads can be partially attributed to an increased diversification in overall traffic on smaller railroads, and to increased collaboration between small railroads and other modes of transportation.

Coal suffered a precipitous drop over the same time period (down 14.9% for Class II and III, down 32.5% for Class I), while aggregates and grain also saw significant drops for all railroads. The drops in these commodities can be attributed to shifts in market price and to the increased demand for alternate methods of energy both domestically and overseas.

ASLRRA to File Comments on Commodity Regulation (Ex Parte 704)

The Surface Transportation Board (STB) is seeking comments from parties interested in Ex Parte 704 (Sub-No. 1), a proceeding in which it proposes to reinstate regulation of certain commodities that are currently exempt from regulation. Because of the potential adverse effects such an action may have on ASLRRA railroad members, the Association is planning to file comments opposing the revocation of exemptions on these commodities.

The STB is seeking comment from the public regarding whether it should revoke the existing exemptions from regulation for (1) crushed or broken stone or rip rap; (2) hydraulic cement; (3) coke produced from coal; (4) primary iron or steel products; and (5) iron or steel scrap, waste or tailings. Revocation of the exemptions would require a carrier to comply with the Board’s statutes and regulations regarding the provisions of common carrier service upon reasonable request, maintenance of reasonable practices and rates, and provision of adequate service.

ASLRRA plans to file comments opposing the proposed revocations. Its STB Strike Force composed of representatives of ASLRRA railroad members and Association staff is in the process of gathering data and other information to oppose this action by the STB. Comments are due July 27, 2016. Please contact Keith Borman or Mike Ogborn for further information.

Legislative Update

Forty Days and Forty Nights: The Countdown for the Short Line Tax Credit is Underway!

This week marked the last 40 days before Congress is expected to enter a long summer recess focused on Presidential conventions and reelection campaigns starting July 15. This gives advocates only a limited time to amass as many cosponsors as possible to support the extension of the section 45G short line railroad tax credit.
As of this morning H.R. 4626 has been cosponsored—formally endorsed—by 100 Representatives! This is an accomplishment and shows tremendous support for extending the benefits of 45G indefinitely. In the Senate, 23 Senators are on board with S. 2595. But more are needed! These bills are collectively known as the “Building Rail Access for Customers and the Economy” or “BRACE” Act.

What can you do over the next 40 days to help the BRACE Act? Make it rain communications. Emails and calls to your Representatives and Senators to encourage them to cosponsor this bill should be made now. If you need help or guidance on how to do this, please contact your Washington DC lobbyist Ashley (Bosch) Weiland at 202-638-7790 today!

Regulatory Update

Crew Size Rule Hearing Set for July 15, 2016

ASLRRA joined AAR in requesting a hearing on Crew Size last month which has now been set for July 15, 2016. The hearing will allow for testimony to be presented from businesses and subject matter experts. Representatives including experts from Genesee & Wyoming and Indiana Rail Road Company will speak on the impact of this rule for short line and regional railroads. A 30-day public comment period will likely follow the hearing.

Railroad Safety and Training Seminar Offered

In cooperation with the Federal Railroad Administration, Farmrail System, Inc., is pleased to host the 2016 Railroad Safety and Training Seminar in Oklahoma City, OK on August 9-11. Key topics include 49 CFR parts 219, 240/242, Rail Integrity and Hazardous Material, presented by FRA experts and qualified carrier safety-training and compliance personnel. Please click here to view more information.

Grass Roots

Congresswoman Bustos Tours ASLRRA Associate Business Member Rail Construction Equipment

On May 31st, Congresswoman Cheri Bustos (D-IL-17), a member of the House Transportation & Infrastructure Committee, joined representatives from Rail Construction Equipment (RCE) to tour their manufacturing facility, learn about their various rail construction products, and discuss public policy priorities for the business and rail communities in northwest Illinois. Congresswoman Bustos is a leading voice on transportation & infrastructure issues in the House, where she has strongly advocated for increased rail safety funding and passenger rail service across Illinois.

RCE’s President & Owner Steve Benck led the tour. Also in attendance were Diane Benck, Owner, RCE; Tom Benck, Owner, RCE; Rick Harnish, Executive Director, Midwest High Speed Rail Association; Nathan Johns, Vice President - Marketing & Government Affairs, Pioneer Railcorp; Larry Lloyd, Illinois State Director, GoRail; Lisa Stark, Assistant Vice President - Public Affairs, Union Pacific; and Sean Winkler, Grassroots Coordinator, REMSA.

RCE is a leading designer and builder of rail construction equipment. They adapt conventional John Deere construction equipment like excavators, wheel loaders and motor graders to specific railroad maintenance tasks, such as tie-tamping or right-of-way clearing. They maintain a 90,000 sq. ft. manufacturing facility that is shared with RCE’s sister company, West Side Tractor. RCE provides sustainable manufacturing jobs for the greater Rockford area and employs approximately 25 individuals. In Illinois, approximately 40 freight railroads operate and maintain over 6,900 miles of track and support over 13,000 jobs.
Congressman Fitzpatrick Joins ASLRRRA Member TRAC Lubricants & Coatings for Demonstration

On June 6, 2016, Congressman Michael Fitzpatrick (R-PA-8) joined representatives from ASLRRRA Associate Business Member TRAC Lubricants & Coatings (TLC) and the New Hope & Ivyland Railroad for a product demonstration featuring one of the railroad’s locomotives and a discussion on public policy priorities for the business and rail communities in southeast Pennsylvania. The group was led by TLC President Michael Jumper. Also in attendance were Mike Donovan, General Manager, New Hope & Ivyland Railroad and Sean Winkler, Grassroots Coordinator, REMSA.

“We are honored to jointly host Congressman Fitzpatrick” said Jumper. “TRAC has a proud history of serving customers in the rail industry and especially here in southeast Pennsylvania. It is crucial that our Congressional leaders see the positive economic impacts strong railroads and rail suppliers have on their communities.” In Pennsylvania, approximately 57 freight railroads operate and maintain over 5,000 miles of track and support over 7,000 jobs.

TLC specializes in the distribution and manufacturing of high performance thin film coatings, dry film lubricants, paints, lubricants, greases, anti-seize and adhesives. They primarily serve the aerospace, rail/transit, medical, industrial and automotive industries. TLC is a Pennsylvanian small business that prides itself on its customer service. They proudly count the New Hope & Ivyland Railroad as a reliable customer.

Member News

Nebraska Central Railroad Announces Promotion

ASLRRRA member Nebraska Central Railroad Corp. (NCRC) has appointed Julie Greve as manager of marketing and customer relations, the short line announced late last week. Greve previously served as a customer service representative with the railroad. In her new role, she will assist on the revenue side of the business, and participate in the launch of new company strategies, according to an NCRC press release. The railroad is based in
Norfolk, NE. Greve will report to Michael Haeg, vice president of marketing and sales at Rio Grande Pacific Corp., NCRC’s parent company.

**Gulf & Ohio Railways Promotes ASLRRA Board of Directors Vice Chair**

Gulf & Ohio Railways Inc. has announced several recent promotions, including Doc Claussen to the position of vice chairman. Claussen also serves as vice chairman of the American Short Line and Regional Railroad Association. He has been with the railroad for the past 10 years, following a career as a diagnostic and interventional radiologist.

Also receiving promotions include Todd Burchette, who has been appointed president. Burchette has 26 years of experience in the railroad industry, nearly all of it with Gulf & Ohio. He began his career as a track laborer on the Yadkin Valley Railroad in North Carolina. Ronnie McKenzie has been appointed chief marketing officer. During McKenzie’s 28 years with the railroad, he has served in operating and marketing positions. Matt Gedney has been named chief business development officer. Gedney has served as head of the industrial development program at Gulf & Ohio's Lancaster & Chester Railroad.

**Reading & Northern Railroad Receives State Grant**

The construction of a modern railway bridge across the Lehigh River to create a progressive connection between two divisions of Reading Blue Mountain & Northern Railroad has been assured with the announcement of a second $5 million grant by the Pennsylvania State Transportation Commission.

The $14 million project, known as the Nesquehoning Bridge Phase II, will create an efficient direct route from Philadelphia to Binghamton, NY, which will be a substantial economic benefit to eastern central Pennsylvania including Carbon, Luzerne, Schuylkill and Berks Counties. The bridge is 1,200 feet long.

Reading & Northern Railroad, with its corporate headquarters in Port Clinton, is a privately held railroad company serving over 60 customers in nine eastern Pennsylvania counties. Reading and Northern operates both freight services and steam and diesel powered excursion passenger services through its Lehigh Gorge Scenic Railway, owns over 1,000 freight cars, and employs over 200 dedicated employees.

**Kanawha River Railroad to Operate in Ohio & West Virginia**

Watco Transportation Services (WTS) subsidiary Kanawha River Railroad (KNWA) has reached a definitive agreement with Norfolk Southern Corporation (NS) to lease and increase operations on 309 miles of rail line in Ohio and West Virginia. KNWA is seeking approval from the Surface Transportation Board (STB) and plans to return the entire main line between West Virginia and the Columbus area to daily operation.

Ed McKechnie, Watco chief commercial officer, stated, “The Watco Team is excited to serve the customers in Ohio and West Virginia. Our team is prepared to offer our new customers in the agriculture, energy and chemical industries the transportation service product they need to move their product to their end customer.”

**ASLRRA’s Upcoming Seminars and Events**

**Webinar:** Positive Train Control Planning & Implementation Guide  
June 15, 2016

**Operating Practices Training Seminar**  
Silver Legacy Resort  
Reno, NV  
June 21-23, 2016
Webinar: Saving Our Service (SOS) - Shipper Support for 45G
June 22, 2016

Webinar: Safety Assessments With the SLSI Team
June 29, 2016

Eastern Region Meeting
Sheraton Indianapolis City Centre Hotel
Indianapolis, IN
September 12-14, 2016

Southern Region Meeting
Louisville Marriott Downtown
Louisville, KY
October 24-26, 2016

Operating Practices Training Seminar
Sheraton Baltimore Washington Airport
Baltimore, MD
November 1-3, 2016

Central/Pacific Region Meeting
Renaissance Oklahoma City Convention Center
Oklahoma City, OK
November 14-16, 2016

General Counsel Symposium/Finance & Administration Seminar
Renaissance Oklahoma City Convention Center
Oklahoma City, OK
November 16-18, 2016

Views & News is published by the American Short Line and Regional Railroad Association. Please contact Elizabeth Petty, Editor, epetty@aslrra.org, with any questions or comments.