ASLRRA President Reports on Industry at Conference

ASLRRA President Chuck Baker was a keynote speaker at this year’s RailTrends 2019 conference in New York, discussing the status of the short line railroad industry and the efforts of the Association to further short line interests.

Baker’s talk focused primarily on two major topics, current government affairs and carload business growth.

The 45G short line infrastructure investment tax credit was a major focus for Baker. He outlined the positive impact of the credit and the effect its loss is having on small railroads. While the 45G tax credit enjoys a great deal of bipartisan support in Congress, lawmakers are running out of time in the year to agree on a tax deal that could carry a tax extenders package, which would include 45G.

ASLRRA is also pushing to see increased funding for federal grant programs like BUILD, CRISI and INFRA, which often award money to short line projects. ASLRRA has also been working with the U.S. Department of Transportation to revise certain provisions in the Railroad Rehabilitation and Improvement Financing (RRIF) Express loan program, which could make that specific loan process easier to use and more attractive for some short line project funding.

In his discussion of carload traffic, Baker noted that while railroad volume has decreased “significantly over the last year,” the industry has an immediate potential for growth, putting it in a better position than that of its major competitor, trucks. Freight railroads have the infrastructure and equipment to immediately take on more shipments, and room in the shipping market to take on a larger share. Baker also emphasized the importance of embracing technology as a way to attract new freight customers.

Rounding out his talk, Baker provided a brief review of other ASLRRA hot topics, namely the Association’s efforts to build a disaster preparedness resource library for short lines, as well as a need to further promote the benefits of rail in the public arena.

Consider Including a Short Line Education Fund Donation on Your Holiday Gift List

Almost every day after Thanksgiving has its own nickname, from Black Friday to Small Business Saturday to Cyber Monday. And even though Giving Tuesday was yesterday, there is no deadline for donations in support of ASLRRA’s Short Line Education Fund.

The Short Line Education Fund supports a number of programs bringing educational opportunities to those in the short line industry. Scholarships help railroad employees attend industry events, like ASLRRA’s annual Connections Convention, and access educational resources.

Other programming includes a Leadership Development Training course created by ASLRRA and the Short Line Safety Institute and a new General Code of Operating Rules (GCOR) training seminar.
Training videos and additional industry-specific education resources are other examples of programs made possible through the education fund.

The fund is a 501c3 nonprofit organization, so donations can be made by individuals or corporations, and all contributions are tax deductible. Follow the link here to donate today.

FAMES Committee Issues Report on Boom-Equipped RMM Accidents

The Fatality Analysis of Maintenance-of-way Employees and Signalmen (FAMES) Committee has released its recommendations for safe operation of booms or cranes on roadway maintenance machines (RMM).

The committee, of which ASLRRRA Vice President of Safety and Compliance JR Gelnar is a member, reviewed information from nine fatal accidents involving a boom on an RMM. The data comes from accidents that have occurred since 1997.

In its findings the committee notes that “noise, communication challenges, machine operator line of sight, and the presence of moving loads” generally presented the most serious risks to roadway workers and machine operators.

Safety recommendations stressed the importance of clear communication, particularly during the job briefing, as well as having a designated person helping the operator when certain challenging conditions exist. Other suggestions include ensuring proper training for those completing or supervising tasks involving boom-equipped RMMs. Follow this link to view the RMM report and other FAMES safety alerts and recommendations.

Railroad Retirement Board Explains Changes to Retirement, Unemployment Insurance Taxes in 2020

The Railroad Retirement Board (RRB) announced the amounts of compensation subject to railroad retirement payroll taxes are set to increase in 2020, but tax rates on employers and employees will not change.

Also, for the first time in five years, railroad employers will not have to pay a surcharge on unemployment insurance contribution rates.

The RRB’s press release explains the upcoming changes. Rates for tier I and tier II payroll taxes remain the same, but the amount of an employee’s earnings subject to the tax rate will go up. For tier I, the
maximum amount will increase to $137,700 from $132,900, and for tier II it will rise to $102,300 from $98,700.

**Surface Transportation Board Announces National Trails System Act Final Rule**

In a decision served Dec. 4, the Surface Transportation Board (STB) adopted a final rule amending its regulations related to the National Trails System Act.

The STB amended the regulations to provide that the initial term for negotiations regarding Certificates or Notices of Interim Trail Use or Abandonment will be one year, rather than the current 180-day period. The final rule also establishes that the STB will permit up to three one-year extensions to the initial period for negotiations between the railroad and the trail sponsor if the two parties agree, and will permit an additional year extension if the trail sponsor and railroad agree to the extension and extraordinary circumstances for the extension are shown.

The board stated that extraordinary circumstances would be decided on a case-by-case basis but the showing could include specific evidence that necessary financing is imminent or there are circumstances beyond the negotiators’ control. It also stated, however, that issues such as insurance coverage, title review, appraisal issues or personnel turnover will constitute extraordinary circumstances.

The STB rejected the requests from the National Association of Reversionary Property Owners that the railroad or trail sponsor send of the issuance of a Certificate of Interim Trail Use or Abandonment (CITU) or Notice of Interim Trail Use or Abandonment (NITU) to landowners adjacent to the right-of-way and that a railroad’s consummation of abandonment would automatically occur 180 days after the expiration or vacation of an NITU as beyond the scope of the proceeding.

This decision is effective on Feb. 2, 2020. For any situation where a CITU or NITU is pending as of the effective date of this rule, the parties engaged in negotiations under a CITU or NITU originally issued before Feb. 2, 2017, may request one additional extension of one year beyond the four-year anniversary of the issuance of the CITU or NITU, without showing extraordinary circumstances.

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**Lawmakers Push to Finalize Spending Bills Before Christmas**

Members of Congress have returned to D.C. from their Thanksgiving break, and there is a flurry of activity as everyone tries to wrap up key legislative issues before the year’s end.

The latest government funding deadline is Dec. 20, and lawmakers are working to put together appropriations bills and a tax bill to bring to the floor the week of Dec. 16. While some kind of spending
December 4, 2019

Bill must get passed, there is no guarantee it will offer an opportunity to attach add-ons like those that would extend the 45G short line infrastructure investment tax credit.

If you have a relationship with your congressional representatives, now is the time to make your voice heard. Contact Ed McKechnie with questions!

ASLRRA and representatives from D.C. firm Chambers, Conlon & Hartwell continue to push for action on 45G. The tax credit is very popular with lawmakers and has strong bipartisan support, which is rare in today’s political climate. Nonetheless, the many other issues currently commanding Congress’s attention make the path for 45G permanency less clear.

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**ASLRRA New Members**

ASLRRA is delighted to welcome three new associate business members this week.

Ducci Electrical Contractors, Inc. is a third-generation, family-owned and run electrical construction company rooted in Farmington, Conn. It consistently places among the ENR top-75 Electrical Contractors in the nation, and specializes in railroad electrical infrastructure, including signal equipment and wiring, catenary system installation, power systems and substation installations. Our contact is Vice President of Construction and Safety Thomas Carew.

Railstar Engineering, LLC based in Vashon, Wash., is an expert in existing railroad bridge engineering and management. Railstar has advanced knowledge in condition evaluation and restoration for timber, concrete, and steel structural components. We extend warm thanks to JR Gelnar for recommending they join. Our contact is Principal Bridge Engineer Ken Kirschling.

U.S. Lubricants, based in Appleton, Wis., has provided lubrication solutions for over 50 years. U.S. Lubricants also offers products and customized solutions to help maintain the health of equipment, reduce unpredictable downtime and extend the life of machinery. Our thanks to member Chicago South Shore & South Bend Railroad for recommending they join. Our contact is Director Tony Springer.
ASLRRRA Announcements

**Member Discount Program Providers Help Members with Positive Train Control Implementation**

*Each week, ASLRRRA will highlight one of its carefully chosen Member Discount Program providers to help members learn more about the companies offering valuable services at discounted prices.*

Positive train control (PTC) is one of the most complex technologies mandated for freight railroads to date, and its implementation has been an unprecedented challenge, particularly for short line railroads.

ASLRRRA has secured grant funding and leveraged capabilities under its own Member Discount Program to qualify sources, develop products and services, and secure agreements to aid Class II and III railroads in PTC implementation. These vetted companies are able to provide solutions that will assist short lines in lowering costs, accelerating implementation, and increasing interoperability between host and tenant operations.

Visit [http://www.aslrra.org/discounts](http://www.aslrra.org/discounts) and select PTC Products & Services to learn more about these ASLRRRA’s preferred providers.

**New Holding Company Looks to Make a Name for Itself in the Short Line Railroad Industry**

*To further tell the short line story, ASLRRRA profiles some of the movers and shakers in the railroad industry.*

Short line railroad acquisition has become the hottest business move in the rail industry, and companies like newly-formed RailUSA are looking to capitalize on the trend. A recent profile on the Progressive Railroading website describes the growth of RailUSA, which owns and operates ASLRRRA member Grenada Railroad.

RailUSA was formed in October 2018 by an investor group led by now-majority-owner Equity Group Investments. That group included International Rail Partners, helmed by a management team boasting over 200 years of collective rail industry experience.

RailUSA acquired the 212-mile Grenada Railroad in 2018 and set to work rebuilding the company, including restoring the line’s southern portion. The roughly 81-mile stretch, which runs between Grenada and Canton, Miss., has not been in operation since 2011. With further track upgrades and service improvements, RailUSA looks to capitalize on growing shipping demands in the central Mississippi region.
In June of this year, RailUSA bought a 430-mile rail line segment from CSX, which it renamed the Florida Gulf & Atlantic Railroad. With no personnel or equipment included in the sale, RailUSA needed to build a new company from scratch, hiring over 60 conductors and engineers and bringing in 18 locomotives to ensure a smooth transition for existing customers once the deal was complete. Florida Gulf & Atlantic runs along the Florida panhandle and into parts of southern Georgia.

Although short lines are currently an in-demand commodity, freight-rail traffic is falling nationwide, an issue RailUSA is tackling in different ways. A key to building business is customer service, and both Grenada and Florida Gulf & Atlantic are working to convince customers to convert from trucks or return to rail. Additionally, RailUSA can offer customers storage solutions, which is particularly helpful if goods need to be held until demand increases.

While RailUSA is still fine-tuning its operations, including increasing efficiency and reducing its operating ratio, the company is still open to future acquisitions, marketing its experience both fixing and starting railroads to potential sellers.

Save the Date for ASLRRRA’s Annual Convention, and Remember to Reserve Your Exhibit Hall Space Today

ASLRRRA’s annual Connections Convention will be held May 2-5, 2020 at the Gaylord Texan in Grapevine, Texas. Exhibition hall booths are now available, and there are still many good spaces left.

This year’s event will feature more dedicated exhibit hours and new opportunities for engagement in the exhibit hall at the Gaylord Texan, a venue that is popular with our attendees and exhibitors. Please contact ASLRRRA’s Kathy Keeney at (202) 585-3439 to reserve a space or to access the link to the digital floorplan. As a reminder, booths are only available to ASLRRRA members, so contact Keeney about membership first if you are interested in exhibiting in 2020.

ASLRRRA Out and About

Members of ASLRRRA’s Safety Leadership Team Attend Various Committee Meetings

ASLRRRA representatives attended a slew of meetings in the past few weeks, focused primarily on railroad safety issues.

Senior Vice President of Safety and Regulatory Policy Jo Strang was at the Federal Railroad Administration’s Railroad Safety Advisory Committee (RSAC) meeting and a Transportation Research Board (TRB) meeting, while Vice President of Safety and Compliance JR Gelnar went to a Fatality Analysis of Maintenance-of-Way Employees and Signalmen (FAMES) committee meeting and an RSAC Track Standards Working Group meeting.

The focus of the TRB meeting was a review of the FRA’s research, development and technology program. At the FAMES meeting, committee members finalized a report, described above in the Regulatory section, analyzing fatal accidents involving boom use on roadway maintenance machines and offering safety recommendations for such tasks.
ASLRRA Webinars

ASLRRA’s Upcoming Webinars

**RRB Survivor Benefits and General Information** - Dec. 5, 2019

In the final installment of the Railroad Retirement Board’s three-part webinar series, Jodi Huskey, an RRB district manager, will discuss survivor eligibility requirements and additional information relating to all benefits. This webinar is free for all ASLRRA members and non-members.

Click here for more ASLRRA events.

Industry Events

Click here for a listing of industry events.

Views & News is published by American Short Line and Regional Railroad Association. Please contact Amy Krouse, editor, with questions or comments.