

# THE CROSS-TIE

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## Canadian Pacific, Mayo Clinic Commit to Ongoing Dialogue

ROCHESTER, Minn.

Canadian Pacific and the Mayo Clinic, on behalf of Rochester residents, have conducted their first face-to-face meeting, and officials said they made a commitment to continue their dialogue following the railroad's recent acquisition of the Dakota, Minnesota, and Eastern Railroad (DM&E).

"We had a very open and constructive dialogue and we left with a mutual understanding of each others needs and concerns," said Glenn Forbes, CEO of the Mayo Clinic. "We both expressed a strong and firm commitment to work collaboratively, both together and with the community of Rochester, to ensure the highest degree of safety moving forward."

In September, Canadian Pacific said it planned to purchase the DM&E and its subsidiaries for nearly \$1.5 billion. Pending the Surface Transportation Board's approval, the DM&E will become part of Canadian Pacific's U.S. rail network.

The STB review process is expected to take less than a year.

In the meeting, the Mayo Clinic and Canadian Pacific outlined their respective priorities and expectations for rail operations in the Rochester area, should the STB approve the transaction, the clinic said.

In February, the Federal Railroad Administration denied the DM&E's controversial \$2.3 billion Railroad Rehabilitation and Improvement Financing loan application, saying it posed an unacceptably high risk to federal taxpayers. DM&E applied for the loan to finance construction of a new 280-mile rail line to Wyoming's Powder River Basin coal mines and to reconstruct approximately 600 miles of existing track in South Dakota and Minnesota.

The loan application had been a source of contention between the DM&E and many community members, including the Mayo Clinic. According to the clinic, Canadian Pacific said it has made no decisions about its potential to access new coal haulage business in the Powder River Basin area.

— Wire Reports

## In Advance of Amtrak Strike, President Bush Appoints Presidential Emergency Board



Todd DeFeo/The Cross-Tie

An Amtrak train passes through the railfanning hotspot of Folkston, Ga., near the Florida-Georgia state line. President George Bush has appointed a Presidential Emergency Board in the hopes of avoiding an Amtrak unions strike.

WASHINGTON

President Bush today established a Presidential Emergency Board, hoping to keep the employees of nine Amtrak unions from striking.

The unions represent more than 6,000 of Amtrak's non-operating employees who have been working on contracts that expired in 1999.

On Nov. 1, the National Mediation Board released Amtrak and the unions from mediation, starting a 30 day cooling off period. If Bush did not appoint the Presidential Emergency Board, the unions' employees could strike starting Dec. 1.

"In the judgment of the National Mediation Board, these disputes threaten substantially to interrupt interstate commerce to a degree that would deprive sections of the country of essential transportation service," Bush said in his executive order.

"We look forward to presenting a coordinated position to the Presidential Emer-

gency Board in an effort to obtain a recommendation of a fair and equitable settlement for employees who have helped Amtrak achieve unprecedented ridership and revenue levels," the Passenger Rail Labor Bargaining Coalition said in a statement.

"The dispute between Amtrak and its unions has been ongoing for nearly eight years, and we look forward to a resolution that recognizes the contributions of the hardworking employees of Amtrak."

Under the Railway Labor Act, the Presidential Emergency Board has 30 days to hold a hearing and make a settlement recommendation. Work stoppages are barred until at least 30 days after the board makes its report to the president.

"We are hopeful that we can entirely avoid any disruption of service as a result of this," The Associated Press quoted Amtrak spokesman Cliff Black as saying.

— The Cross-Tie

## Railfanning Roundup

### N.J. Transit Ending Locomotive Idling

**NEWARK, N.J.** — N.J. Transit is moving to a new policy that aims to significantly reduce diesel locomotive idling, Executive Director Richard Sarles said earlier this month.

The new policy would be effective Jan. 1, 2008.

Earlier this year, N.J. Transit ended locomotive idling above 40 degrees, but is expanding the policy to include temperatures down to zero degrees to further reduce noise, diesel fuel consumption and emissions.

“Our new policy of turning off our locomotives to reduce idling will mean quieter rail yards and an improved quality of life for the communities we serve,” Sarles said.

N.J. Transit has worked over the last six months to upgrade locomotive equipment and rail yard infrastructure to allow for the locomotive shutdowns, officials said. More than 100 diesel locomotives have been retrofitted with new starters, block heaters and batteries, and new external — or “wayside” — power stations have been installed in rail yards to enable maintenance work to continue, even with engines turned off.

The guidelines are in place for Raritan, Port Morris, Bay Head, Port Jervis, Spring Valley and Suffern yards.

The benefits of the new procedure will be especially noticeable in the overnight hours when more locomotives lay over in rail yards. While the new procedures will significantly reduce noise, residents near N.J. Transit lines may still notice some level of activity as trains arrive and depart the yard, and during short layovers.

### Union Pacific Sets New Seven-Day Coal Train Record

**OMAHA, Neb.** — Union Pacific announced it has set a new seven-day record of trains moving out of Wyoming’s Southern Powder River Basin.

The new record of 284 trains surpasses the previous seven-day record of 280.

The company achieved the previous 280 record twice during seven-day period this past October and November. The new record was established between Nov. 22 and Nov. 28.

— *Wire Reports*

## Tennessee Southern Railroad Completes First Year under New Ownership

Tennessee Southern Railroad has completed its first year of operation under Patriot Rail ownership, and the new owners say the year was a success.

TSRR, acquired by Patriot Rail in November 2006, operates over 149 miles of rail line from Columbia, Tenn., to Pulaski, Tenn., and from Columbia, Tenn., to Florence, Ala. The railroad serves 32 customers and interchanges with CSX Transportation at Natco, Tenn.

TSRR also provides multi-modal services between the railroad, river barges and trucks at the Port of Florence, located on the Tennessee River. According to officials, TSRR has achieved many milestones during the past year, including:

- Carloads increased 29 percent to 6,637
- Entered agreement with Louisiana Pacific Corp. for new transload facility
- Extended operating lease at Port of Florence
- Secured business with five new customers
- Upgraded locomotive fleet with 6 newly-refurbished locomotives
- Spending more than \$7 million over 3 years to improve infrastructure

Over the past year, TSRR increased carloads from existing customers and secured new business by implementing several new customer service initiatives, officials say. In late 2006, TSRR signed an agreement with Louisiana Pacific to operate a nine-acre transload and distribution facility that handles building materials.

To assist in bringing new business to the Port of Florence, TSRR completed construction of a new transload facility and extended its operating lease with the Florence-Lauderdale County Port Authority in the first quarter of 2007.

By providing customized rail service solutions, TSRR started moving carloads for new customers W.R. Grace & Co., Synagro Technologies, Inc. and Smelter Services Corporation this year. Combined, officials say these initiatives led to a 29 percent increase in carloads to 6,637 in the twelve months ending Oct. 31 versus 5,148 in the prior twelve months.

“TSRR has definitely exceeded our expectations in its first year under our ownership,” Patriot Rail Chairman, President & CEO Gary O. Marino said. “The TSRR management team has done a tremendous job taking advantage of the railroad’s unique port access, transload services and multi-modal capabilities to secure new business

and grow carloads. We look forward to improving upon these results in 2008 as the full impact of adding these new customers and additional marketing initiatives take affect.”

Over the past three months, TSRR has upgraded its locomotive fleet with the delivery of six newly-refurbished GP-10 locomotives painted with Patriot Rail’s new corporate-wide paint scheme of red, white and blue with gold trim and lettering. The locomotives were upgraded with N-Force technology and will replace older locomotives in TSRR’s fleet.

The N-Force technology is a wheel slip system that allows a 1700-horsepower locomotive to have the tractive effort of a 2300-horsepower locomotive, thereby allowing the railroad to move more carloads with fewer locomotives and lower fuel consumption.

TSRR is also continuing to improve its rail infrastructure through its on-going \$7.2 million combined track and bridge rehabilitation program. In early 2007, TSRR, a participant in the State of Tennessee Short Line Rehabilitation Program, commenced a three year track and bridge rehabilitation project designed to improve customer service, increase train speeds and operate at a higher level of safety.

More than \$6.7 million in state grant and TSRR matching money will be spent to upgrade track and repair bridges along 70 miles of rail line from Columbia, Tenn., to the Tennessee-Alabama State Line. TSRR will replace more than 77,000 rail crossties, add new ballast, resurface track and upgrade bridges to 286,000-lb. standards.

TSRR is also investing another \$500,000 in a program to rehabilitate the 15 miles of track in Alabama between the Tennessee State Line and Florence, Ala., installing 6,000 new crossties, and replacing bridge caps and other bridge work on the Coal Island Bridge.

“We expect that TSRR’s rail infrastructure improvement program will generate significant future benefits for its customers,” Marino said. “The improving track conditions will also provide more reliable rail service, increased train speeds and a safer work environment for TSRR’s employees.”

Patriot Rail Corp. is a short line and regional freight railroad holding company based in Boca Raton, Fla. The Company currently owns and operates two short line freight railroads comprising 212 rail miles.

— *Business Wire*