Brotherhood of Maintenance of Way Employes Division
of the International Brotherhood of Teamsters

NEWS CLIPS

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8/17/2009 Stimulus Funding

USDOT/FTA provide 50 ARRA grants exceeding $1 billion

On Friday, the U.S. Department of Transportation (USDOT) and Federal Transit Administration announced they issued 50 American Recovery and Reinvestment Act (ARRA) grants totaling $1.2 billion. The proceeds will help state and local transit systems fund the purchase of new vehicles, implement safety and security initiatives, and construct or rehabilitate various infrastructure.

Transit-rail-related grants include:
• $264 million to the New York Metropolitan Transportation Authority, some of which will be used to complete rail improvements, and another $393 million to rehabilitate five rail stations, enhance transit and acquire communication equipment;
• $78.4 million to Dallas Area Rapid Transit for the NW/SE light-rail line;
• $73 million to the San Diego Association of Governments for the construction of a multi-modal transit center, rail electrification work, track improvements and a bridge replacement, as well as the design and construction of the trolley wayside and trackway modifications, including stations to support new Blue Line low-floor vehicle operations;
• $55.4 million to the Metropolitan Atlanta Rapid Transit Authority for 18 40-foot replacement vehicles, preventative maintenance work, rail station/stops and transit enhancements;
• $21.9 million to the Southern California Regional Rail Authority for safety and capacity improvements, and a positive train control system on the Metrolink system; and
• $15.2 million to the Maryland Transit Administration (MTA) to replace two 25-year old elevators at the MARC BWI Station, improve the heating system at the MARC Penn Station, demolish structures at the MARC West Baltimore Station, improve the MARC Martins Maintenance Facility, add two new traction power substations on the northern end of the MTA light-rail

system, and replace existing public-address systems with audible/visual real-time information systems at all MTA-owned MARC train stations.

In a separate allocation, the USDOT also announced it issued $298.7 million in ARRA funds to New Jersey Transit, including $130 million for the Mass Transit Tunnel project. NJ Transit will use the proceeds to fund various projects, such as $30 million for the Lower Hack drawbridge rehabilitation, $25 million for Morristown Line bi-directional signal improvements, $24 million for a River Line cab signal system and $15 million for Plauderville Station high-level platforms.

Since President Obama signed ARRA into law on Feb. 17, the USDOT has issued grants totaling more than $4.2 billion. The department has made $48.1 billion available for transit, highway, road, bridge and airport projects, of which $23.9 billion already has been obligated to fund about 7,500 approved projects in 55 states and U.S. territories.

8/17/2009 Government Appointee

Elliott takes seat as STB chairman

On Aug. 13, Daniel Elliott III was sworn in as the fifth Surface Transportation Board (STB) chairman. He will serve a four-year term expiring on Dec. 31, 2013.

For the past 16 years, Elliott has served as associate general counsel to the United Transportation Union (UTU). He previously practiced law at firms in Washington, D.C., and Cleveland.

Elliott, 46, pledged to have an open mind and sense of fairness at the STB, and bring more harmony to the often-contentious relationship between shippers and railroads, according to a prepared statement.

He was nominated to the board by President Barack Obama on June 20 and his appointment was confirmed by the Senate on Aug. 7. During the Senate confirmation hearing, UTU International President Mike Futhey was admonished for posting a statement on the UTU's Web site claiming that the union's political affairs committee helped influence the Obama Administration's nomination of Elliott. Futhey later issued an apology to the Senate confirmation committee.

Class I's earn 8.94% return for 12 months ended June 30

August 18, 2009

The Surface Transportation Board posted statistics on its website Monday showing that Class I railroads earned a return on net investment of 8.94% in the 12-month period that ended June 30, compared with 9.20% in the corresponding period a year ago.

Total operating revenues in the latest 12-month period were $53.6 billion vs. $55.7 billion in the prior year.

Individual carriers posted these ROIs in the 12 months ended June 30, 2009 (compared with their ROIs a year earlier):

Burlington Northern Santa Fe: -- 9.69% (9.90%)

CSX Corp. -- 7.61% (7.87%)

CN/Grand Trunk -- 8.59% (9.68%)

Kansas City Southern -- 8.59% (9.68%)

Norfolk Southern -- 10.23% (13.57%)

Soo Line -- 12.09% (15.20%)

Union Pacific -- 8.43% (9.16%)

Return on investment is based on net railway operating income, which is the difference between net railway operating revenues and the total of railway operating expenses, railway tax accruals, and net equipment and joint

Public Option Called Essential

Democratic Lawmakers Express Concern

By Anne E. Kornblut and Perry Bacon Jr.
Washington Post Staff Writers
Tuesday, August 18, 2009

Several leading Democrats voiced concern Monday about an apparent White House shift on health-care reform, objecting to signals from senior administration officials that they would abandon the idea of a government-run insurance plan if it lacked the backing to pass Congress.

In the Senate, where negotiations are now focused, John D. Rockefeller IV (W.Va.) said that a public option, as the plan has become known, is "a must." Sen. Russell Feingold (Wis.) said that "without a public option, I don't see how we will bring real change to a system that has made good health care a privilege for those who can afford it."

House Speaker Nancy Pelosi (Calif.) said that the plan will be included in whatever bill is voted on in the House. "There is strong support in the House for a public option," she said, though she did not demand that the administration express support for the idea.

One Democrat predicted that without the provision, the bill could lose as many as 100 votes in the chamber.

President Obama had pushed a nonprofit, government-sponsored insurance plan as an alternative to existing insurance companies, saying that a public program would compete with the industry and help reduce costs. Over the weekend, he minimized the importance of a public option, saying at an event in Colorado on Saturday that it was "just one sliver" of his overall effort to reduce health-care costs and expand coverage.

Two of his top advisers on Sunday reiterated that he is open to alternatives to a government plan, setting off a wave of reports about a White House shift and frustrating senior advisers.

White House press secretary Robert Gibbs, speaking to reporters returning to Washington from Phoenix, said Obama has not shifted his position, suggesting that the president's support for a public option had never been absolute. "The goals are choice and competition. His preference is a public option. If there are other ideas, he's happy to look at them," Gibbs said. White House officials repeatedly denied that there was any new positioning on the provision, accusing the media of fabricating developments.

Three House committees and one Senate panel have passed versions of health-care legislation that contain a public option.

White House officials sought to reassure Democratic groups and activists that they did not intend to rule out the public option, a position they are able to maintain, for now, because no final version of the bill exists. White House Deputy Chief of Staff Jim Messina told some groups involved in the effort that the administration's positions have not changed.

Democrats close to the White House said there is increasing pessimism about getting two Republicans who have been at the center of Senate Finance Committee negotiations -- Charles E. Grassley (Iowa) and Mike Enzi (Wyo.) -- to back the compromise measure that is expected to emerge from that panel. Those Democrats noted that dropping the public option may be necessary simply to win the votes of conservative Democrats such as Sen. Ben Nelson (Neb.), who has been wary of the provision.

John Sweeney, president of the AFL-CIO, said the union will continue pressing House and Senate negotiators to keep a public plan. "The only way to force real competition on the insurance companies is a strong public plan option," he said.

Rep. Anthony Weiner (D-N.Y.), a member of the House Energy and Commerce Committee, said Obama could lose up to 100 Democratic votes in the House by abandoning the option.

"I know the trade the administration made is they have gotten two or three senators, but they have lost dozens of House members," Weiner said.

Democracy for America, a grass-roots group started by former Vermont governor and 2004 presidential candidate Howard Dean and now run by his brother Jim, sent an e-mail to its supporters declaring "a healthcare bill without a public option is D.O.A. in the House. Period." Leaders of the Congressional Progressive Caucus, a group of the most liberal House members, threatened to oppose the bill if it does not include a public option.

Conservative Democrats in the House and Senate have been vague about whether they will support such an option, and the office of Senate Majority Leader Harry M. Reid (Nev.) made a statement Monday that largely echoed the White House language.

Reid "supports a public option in part because of the necessity to keep insurance companies in check," said spokesman Jim Manley. "However, he recognizes there are different proposals on the table that could accomplish that goal."

8/19/2009 High-Speed Rail

Florida leaders form lobbying group to land federal dollars for Orlando-Tampa-Miami HSR line

Yesterday, state and local leaders in Florida announced they formed ConnectUs, an organization that aims to bring high-speed rail (HSR) to the Sunshine State.

ConnectUs officials are urging U.S. Transportation Secretary Ray LaHood to award Florida $2.5 billion of the $13 billion in federal funds allocated for HSR, including $8 billion in American Recovery and Reinvestment Act dollars. The funds would help finance a HSR system between Orlando and Tampa and the design of an Orlando-to-Miami segment.

“Florida is a logical place to invest in high-speed rail and create thousands of jobs [because] we can connect major economic and tourism centers,” said Rep. Kathy Castor (D-Fla.) in a prepared statement. “Unlike any other state, Florida has secured all of the right of way and permits, and is ready to go.”

U.S. rail carloadings show incremental gains

August 21, 2009

U.S. railroad carloadings are registering incremental gains but remain down year over year for the week ended Aug. 15, 2009, the Association of American Railroads reported Thursday. Traffic added up to 276,488 cars, down 17.1% from the corresponding week in 2008.

Intermodal volume of 193,488 trailers or containers was down 18.4%. Container volume fell 13.1% and trailer volume was down 38.6 %. Total U.S. volume for the latest week was estimated at 29.5 billion ton-miles, down 16.7% from last year.

All 19 carload commodity groups were down, with declines ranging from 0.9% for farm products not including grain to 51% for metals and metal products.

For the first 32 weeks of 2009, U.S. railroads reported cumulative volume of 8,436,160 carloads, down 18.9% from 2008; 5,958,304 trailers or containers, down 17.2%; and total volume estimated at 897.8 billion ton-miles, down 18%.

Canadian railroads reported 62,796 carloadings for the week, down 21.7% from last year, and 42,828 trailers or containers, off 16.7%. For the first 32 weeks of 2009, Canadian railroads originated 1,909,206 carloads, down 23.8% up from 2008, and 1,286,117 trailers or containers, off 16.3%.

Mexican railroads originated 12,039 carloads of traffic, down 10.6% from the same week last year, and 5,803 trailers or containers, down 15%. Cumulative volume for the first 32 weeks of 2009 was 3635,192 carloads, down 15.2%, and 156,543 trailers or containers, off 21.2%.

Combined North American rail volume for the first 32 weeks of 2009 on 13 reporting U.S., Canadian, and Mexican railroads totaled 10,708,558 carloads, down 19.7% from last year, and 7,400,964 trailers and containers, down 17.1% from last year.

Analysts: Railroads “still our favorite”

August 21, 2009
Class I railroad stocks have been rising steadily since bottoming out in late March, strongly supporting the belief of many Wall Street analysts that an economic recovery is under way.

“Inventory and trade data are supportive of our attractive view on freight,” say Morgan Stanley transportation analysts William Greene and Adam Longson in a research report released today. “We’ve argued for some time that as destocking slows and the stimulus takes hold, the resulting improvement in volume trends should drive earnings revisions and improved sentiment across the group. We’ve already seen early signs of these trends playing out in rail traffic, but recent inventory and sales trends give us greater conviction that traffic is on the mend. June data shows inventories continue to fall across all industries, and sales figures have stabilized or improved. Given transports’ early cycle characteristics, and our view that growth could surprise to the upside, we continue to recommend owning transports here, especially for investors with a 6-18 month time horizon.”

Greene and Longson say that manufacturing is poised for a recovery: “June inventory and sales data suggests retail destocking has likely finished. While this would seem to favor more consumer-oriented carriers like truckload and parcel, we believe looking purely at inventory-to-sales ratios may be too simple here. When we analyze the data in more detail, we see more opportunity for incremental improvement and positive surprises on the wholesale and manufacturing side, which should cater to railroads. Census trade data tends to lag by 1-2 months, which suggests retail bottomed months ago. Wholesale sales started to see a pickup in June, which means we could see a recovery in manufacturing in August/September—also supported by improving rail traffic trends. Moreover, most of the discrepancy in inventory-to-sales ratios between industries is the result of sales differentials rather than inventories. Therefore, if retailers start to increase orders, we could see a rapid improvement in inventory/sales ratios for manufacturers and wholesalers. Given that we see more incremental improvement at the wholesale and industrial level (and demand recovery at the consumer and retail side seems slow to come), we believe the current inventory trends will be more supportive of rail stocks than trucks or parcel.”

“Railroads are still our favorite way to play the recovery,” say Greene and Longson. “Our bias is that the risks are likely to the upside on the trajectory of the industrial recovery— at least for freight shipments. The reason is that the destocking of industrial inventories was aggressive and severe in the first half of 2009. As destocking simply ends, we believe that freight shipments will rise quickly to match current selling rates. Moreover, we can’t ignore the magnitude of unprecedented global stimulus that is just beginning to gain traction. If correct, we think railroads are among the best ways to play an industrial rebound in freight transports. This is because: 1) Railroads have held firm on pricing despite volumes collapsing by about 20% this year; 2) Railroads are the most levered to an industrial rebound; and 3) Railroads have demonstrated a far better ability to adjust costs lower to match volumes than analysts anticipated. Should productivity gains hold in the upturn, the leverage to a rebound is likely to be more significant than at other freight verticals.”

8/21/2009 Employment

U.S. Class I workforce a smidge larger in July, STB says

The U.S. Class I workforce actually grew a tad larger from June to July, but remained well below last year’s level. As of mid-July, the workforce stood at 150,400, up 0.5 percent from June's level and down 8.7 percent from July 2008's count, according to Surface Transportation Board (STB) data.

Executives, officials and staff assistants numbered 9,378, down 6.7 percent month over month and 6.8 percent year over year. Transportation (train and engine) ranks increased 2.5 percent from June's count to 56,814, but tumbled 16.6 percent vs. July 2008's level.

Professional and administrative staff, which totaled 13,841, was the only workforce segment to post month-over-month (4.3 percent) and year-over-year (0.6 percent) gains.