

**NRHS**

Publishers of the Minnesota Rail Calendar

Northstar News

Train Ride at the LSRM Tentative for Sept 2020 (see page 2)



L1: Amtrak #8 led by
Military Unit June
2020
—Bob Ball Photo

R: UP Business Train
visits St Paul led by
UP's Military Unit
June 2020 —Bob Ball
Photo

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Meeting Notice**Stay tuned for future meeting and activity announcements in the next newsletter!**

Next newsletter (September) will be out around September 1, 2020. Note: John Goodman just had shoulder replacement surgery. He is now on the road to recovery! We wish for a speedy recovery!

Monthly Meeting news from Roseville Lutheran Church:

Dear Friends,
Out of respect for your needs to plan for the future we have decided the following: I regret to have to inform you that based on current trends we will not be hosting community groups through the end of October at the earliest. This presumes a vaccine is readily available and/or that the rates of infection have severely fallen off. If this is not the case we will continue to limit room use to R.L.C. ministry events only. I have heard from some of you that your alternative locations (digital or physical) have been working ok. I hope all others have or can find the same. I certainly wish I could say we can have you back by time winter sets in, however science and the virus is driving that decision. Dave Booms, Church Administrator

2021 Calendar Hello All; I think we are finally done writing captions for the 2021 MN Rail Calendar. The calendar committee will read through them and see if you can find any errors, typos, text that doesn't make sense, grammar, etc. The Calendar was written in Open Office, so the text formatting might not be correct. Word and Libre Office render differently from Open Office. Brackets are in place to assist Ian at White River get the images put in the correct place. I'm planning to bring the photos to the library tomorrow so people can double check the text with the photos. Thanks.--Dawn Holmberg

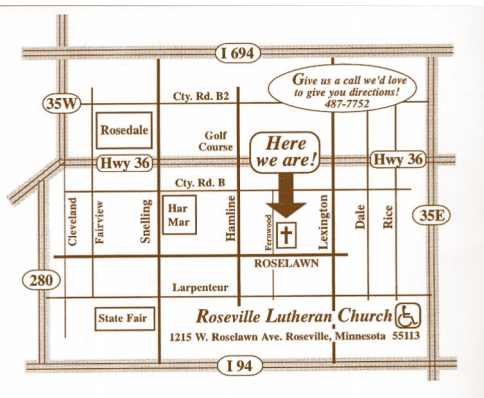
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Meeting Location: From the east or west take MN 36 to Lexington Avenue. Drive south on Lexington Avenue to Roselawn Avenue and turn right. The large lighted parking lot is on your right as you travel west on Roselawn. Use the lower entrance to the church and turn left through the commons area. We'll be in room 40, The Diamond Room.



From the Editor: The Organization has approved of a summer train ride on the Northshore Scenic Railroad. This will be September 19, 2020. It will be confirmed via a member Zoom meeting Saturday August 15 2020 starting at 6:30 pm. Email invites to members will be sent 10 minutes prior to 6:30pm.

A train to Two Harbors will also run in September and we might choose that option. The train will be diesel powered departing Duluth at 10:00 am. If we choose the Knife River Train, it will run to Knife River where passengers depart to take a walk to where the Duluth and Northern Minnesota railroad ran through Knife River, or take a walk to the Lake Superior shore. The train will consist of a Budd RDC car and the W24 Combine. We are invited as a group to stay on the train as it heads to Marbles to have the engine run around the train for the return trip. The trip does include a box lunch. Social distancing will be enforced. The Knife River Train fare is \$28.

The Knife River Train returns to Duluth at 2:00 pm. Transportation to Duluth is on your own. Car Pooling with friends you trust is recommended. Our group will meet at the Duluth Depot at 9:30 am. Hope to see many of you there! Details and sign-up will be in the September Newsletter.

Note: Nominees for BOD positions for 2021-2022 are needed!

News from the Iron Range:

Knife River From: Dave Schauer Date: Wed, 01 Jul 2020 14:29:11 PDT TwinPortsRail@groups.io

An interesting tid-bit is that the older Alger Smith (D&NM) underpass at Knife River is slated to be filled in with a culvert this year due to deteriorating condition of the concrete. This underpass allowed logging cars to go under the D&IR and out to the dock.
Dave Schauer Duluth, MN

New NSM Units - Update

From: bubblechaser54481 Date: Mon, 06 Jul 2020 08:24:21 PDT

The two newest engines 673 and 674 are presently sitting in the Stevens Point yard.

Carl Whittaker

From: Dave Schauer

Date: Mon, 06 Jul 2020 12:43:40 PDT

Thanks for the update Carl. The fifth and final one should be out of MEI soon, if it isn't already.

New NSM Units

From: Dave Schauer Date: Fri, 10 Jul 2020 15:06:38 PDT

Last evening two of NSM's "new" ex-CSX SD70ACe units arrived at Proctor. This morning they were at Keenan. I don't see the silver remote control boxes on their nose handrails like seen when they were at MEI. These replace the leased SD9043MACs. *Continued on next page:*



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Photos: <http://www.railpictures.net/viewphoto.php?id=741847> <https://flic.kr/p/2jjZAZH> David Shauer

This morning the fifth, and final, new unit arrived on a transfer from Pokegama. Numbers 671 and 672 arrived earlier this year in April and these three (673-675) round out the five. The last of the SD18s and the SW1200 are being cut up this year and older SD40-2/3s will be retired if they suffer a major failure.

NSM fifth and final new NSM SD70ACe arrived at Proctor this morning on its way to Norshor Junction 2020 July.

NSM is expected to resume production in mid-August. Dave Schauer

OreRail| BNSF Stored Ore Cars and Other Cars.

From: [Chuck Corwin](#) Date: Thu, 16 Jul 2020 09:58:47 PDT

Here is a quick car storage report:

1. On the Lakes

Cass Lake - Track 1 - three bay covered hopper cars

Track 2 - container well cars

Track 3 - empty (Cass Lake Local) usually parks here

Track 4 - well container well cars.

Shley (just east of Cass Lake) - box cars

Deer River - 3 bay steel open hoppers (ones used in taconite all rail service)

Cohasset - well cars (container cars)

Seyton - well cars (container cars)

Gunn - track 1 - taconite cars

- track 2 - taconite cars

- track 3 - three bay steel open hoppers (ones used for taconite service)

- Philbin - siding is about 2 miles long. West end is short 100 ton taconite cars down to MP 101. From MP101 to end of siding is three bay steel hopper cars.

- Swan River - have not checked in awhile but was empty earlier this spring.

- Island - well cars (container cars) have not checked in awhile

- Floodwood - have not checked in awhile but had either three bay open hopper or taconite cars.

2. On the Casco (Gunn Line)

- From Gunn Jet to Magnetation) load out area (MP 28) - well cars (container)

- West end from Holman Bridge (east of Taconite) to east of Calumet - well cars (container cars) Note; There are spaces for bridges and crossings.

- From east of Snowball Bridge to Pengilly 3bay covered hopper cars. First string put in at end of May.

- Pengilly (MP 13) eastward to Nashwauk (MP 11) 3 Bay steel covered hoppers. *Continued on next page:*

Continued from previous page: - West end from Holman Bridge (east of Taconte) to east of Calumet - well cars (container cars) Note; There are spaces for bridges and crossings.

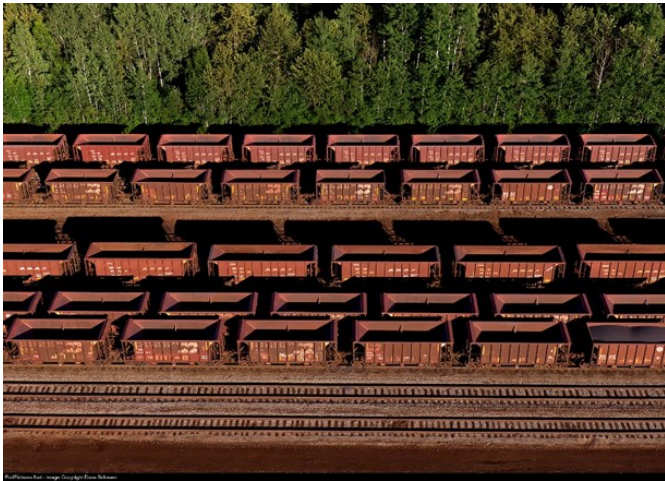
- From east of Snowball Bridge to Pengilly 3bay covered hopper cars. First string put in at end of May.
- Pengilly (MP 13) eastward to Nashwauk (MP 11) 3 Bay steel covered hoppers.
- Nashwauk to just east of west Keetac switch a solid string of 3 bay covered Hoppers. put in middle of June
- Keetac west siding switch going eastward toward Keetac plant a solid string of 3 bay covered hoppers. put in end of June or Early July

3. Kelly Lake Yard - string of 3 bay covered hoppers on south yard track 1
Note: The container well cars on the Gunn Line have been in Storage since last year.

Note: Bemidji usually has cars stored around the GN Depot on the sidings. I have not been west of Bemidji since late last year. Chuck Corwin Cohasset, Minn

BNSF Stored Ore Cars

From: [Dave Schauer](#) Date: Thu, 16 Jul 2020 07:09:17 PDT



With both Keetac and Hibtac down, BNSF has stored hundreds of pellet cars at Allouez. This view shows a number of them. I think all the various pellet car versions are represented here, from the first batch in the mid-1970s to the larger cars ordered a few years ago.

Photo: <https://www.railpictures.net/photo/742423/>

Dave Schauer Duluth, MN

USS Steelmaking Film

From: [Bruce K](#) Date: Sat, 18 Jul 2020 06:26:58 PDT OreRail@groups.io

I found an interesting film on steelmaking, produced by USS, on Youtube. The description says 1938, which is consistent with the style, but there are cars from around 1950 near the end.

There is footage of mining at the Hull Rust and an underground mine that may be the Godfrey and ore dock operations near the beginning.

The film is 39 minutes in surprisingly good color.

<https://youtu.be/aKqMp0sm7P8>

"Work on TCW at Plato and Cologne" by Roger Libra July 11 2020

Here are some pictures of the new mile long siding work being done on TCW at Plato and Cologne MN.



3 Piles of brand new rail sitting just north of the Seneca plant.



Earth work done west of cologne to extend the cologne citing approximately 1-2 mile (Taken at Cty.Rd. 15).



Knife River concrete unloading rock on the siding just north of the Seneca plant.



L: TC&W's new siding East of Plato (East end looking West).

R: Cologne; earthwork all done, switch put in and have been dumped to lay rail (Taken at Cty Rd.153) .

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TC&W's new siding East of Plato (East end looking West).



TC&W's new siding East of Plato (West end looking East).

All
Photos:
July
2020
-Roger
Libra



Twin City Model Railroad Museum Reopens to the Public July 18



The Twin City Model Railroad Museum will reopen to the public on Saturday, July 18. In response to COVID-19 and to proactively protect the entire community, the museum temporarily closed on March 14. Four months later, the museum is ready to welcome visitors back this month. We have made various safety changes and will continue to take every precaution for the care of all visitors and members. To begin with, the museum will only be open on Saturdays from 10 am to 5 pm. To ensure a safe environment all admissions must be bought in advance to help limit the number of people in the museum.

Health and safety requirements

Visitors over the age of 2 are required to wear masks, keep a distance of 6 feet from others outside their household and wash or sanitize hands frequently. Since some museum exhibits do require a hands-on aspect there be frequent sanitization of all buttons. Families should know that for the short term all wooden train layouts in children's play area have been removed. Guests will be encouraged to follow a consistent route through the museum to help with social distancing. Signage with these reminders will be posted around the museum.

Advanced Tickets Requirement

To ensure limited capacity and space for social distancing, the museum is moving to a system of timed tickets sold online. Tickets can be purchased at tcmmr.eventbrite.com now. All visitors, including kids and members, will need to get a ticket before a visit, paid or free. Tickets can be acquired on hourly increments for entry and will have limited capacity. Once admission has been acquired, the visitor will receive a ticket that can be scanned digitally or physically at the front desk. After entering, visitors can stay as long as the museum is open. Building visitation is limited to 25% capacity at all times.

To be clear: While most time slots are one hour long we are not going to require you to leave after your time has ended, we just ask for your sensitivity to traffic flow. We are simply limiting ticket sales during our busiest times to ensure a safe experience for all visitors and volunteers.

That said, we will allow walk-up ticket sales at the museum as long as we are not at our COVID capacity limit.

The past four months have been unprecedented in all of our lives and for every organization and business worldwide. The Twin City Model Railroad is no exception as our members, volunteers, and supportive friends have done much to demonstrate that "We are all in this together!"

Members providing Matching Funds to encourage greater giving, the GIVEMN "Giving From Home" Fundraising effort, Member Volunteers stepping up to chair and support a Task Force to Create a COVID-19 Preparedness Plan, a supportive Landlord that has allowed a partial rent deferral during these closed days, some financial help received from SBA disaster funds in partnering with our community Bank, and literally hundreds of expression of support from the larger community in so many ways. *Continued to the right:*

Streetcar Museum 2020 Season Cancelled

Russ Isbrandt

rmibrandt4036@comcast.net July 6 2020

The Minnesota Streetcar Museum has cancelled the 2020 operating season by a vote of 5 to 4 of the operating committee. Between this and the cancellation of the Milwaukee Train Show makes me suspect the usual railroad flea markets will be cancelled.

NOTICE

To protect the health and safety of our friends and volunteers, we will not operate streetcars on the Como-Harriet or Excelsior Streetcar Lines this season. All regular service and special events have been cancelled through the end of 2020. However, private charters will be available to families and other groups who do not require social distancing and who will comply with the Minnesota Streetcar Museum's health concerns and requirements.

Check here and at TrolleyRide.org for updates on special trolley appearances, general information, and also for great trolley facts, photos, and fun. We're not open and we don't know what the future brings, but we're working on virtual ways to share the trolley experience - past and present - with you until we can again safely operate our streetcars. Please be safe and stay healthy.

MINNESOTA STREETCAR MUSEUM
TrolleyRide.org

Continued from left:

Now begins the process of slowly reopening in a thoughtful way that will demonstrate our commitment to providing a safe and healthy place for our guests, members, and staff volunteers. Our appeal for continuing financial support from members and friends has never been more important. We welcome your return and continuing participation in the future of this 85-Year-old Saint Paul Railroad Icon!

Respectfully Oscar Lund



News from the North Shore Scenic Railroad & Lake Superior Railroad Museum Issue #94 - July 2020 -Excerpts



Trains are running again! The Museum is open! It feels good to say this every time. We waited so long and spent so much time planning the reopening, much to the delight of our guest-passengers.

This month we review a new normal on the railroad and discuss updates to our train schedules, while we do everything possible to make the excursions as safe as possible. Below we will also take a visit to West Duluth and our friends at the Zoo.

Josh Miller Station Master [North Shore Scenic Railroad](http://NorthShoreScenicRailroad.com)

THE NEW NORMAL ON THE RAILROAD



It has been a challenging year for many businesses, and a tragic one for many affected by the COVID19 outbreak. But some good has come out of this!

At the [North Shore Scenic Railroad](http://NorthShoreScenicRailroad.com), we started operating trains on July 1st. Since then, trains have been full every day. Guests are here and enjoying the trains and the Lake Superior Railroad Museum.

Safety is, was, and has always been our primary concern. Both for staff, crew, and guests. A lot of time was spent prior to opening the railroad this year to assure that additional protocols could and would be implemented to do everything we can to prevent the spread of the virus, while still operating the excursion trains.

Onboard the train, some seats have been blocked out in the coaches to require distancing between passengers. Masks are required to board the train and when wandering around the train.

In between trips, rigorous cleaning is being done like none we have ever done before. Train attendants as well as designated car-cleaners wipe down everything, remove trash, and reset the train for the next oncoming passengers.

Meanwhile at the station, we have developed an all new form of boarding the trains that will likely stay in place long after the virus goes away. We call it "concierge boarding" - instead of having to wait in a long line, in a gated coral, in the hot summer sun... we now call each guest by name.



Software updates to our reservation system apply a sequential order to guests as they check in. So, first to arrive gets to be first on the train, and no line is required. Guests can wander the museum, check out the giftshop, or sit on a bench right up until the time we call their name to board the train. Keeping space/social distancing at boarding is easy because we can control the rate at which names are announced over the PA. This simple change has greatly improved the operation and comfort of guests at boarding. So you see, some good things, come out of these dark times! - By Josh Miller



The extreme emphasis on new safety, crowd size and sanitation protocols have forced a reduction in service and events on the North Shore Scenic Railroad and in the Lake Superior Railroad Museum.

The largest cancellation among these is our *Day Out With Thomas*. The popular #1 Engine isn't leaving the Island of Sodor this summer and all his appearances here in America have been cancelled. Thomas and his best friend Percy will be back next summer on the first two weekends of August.



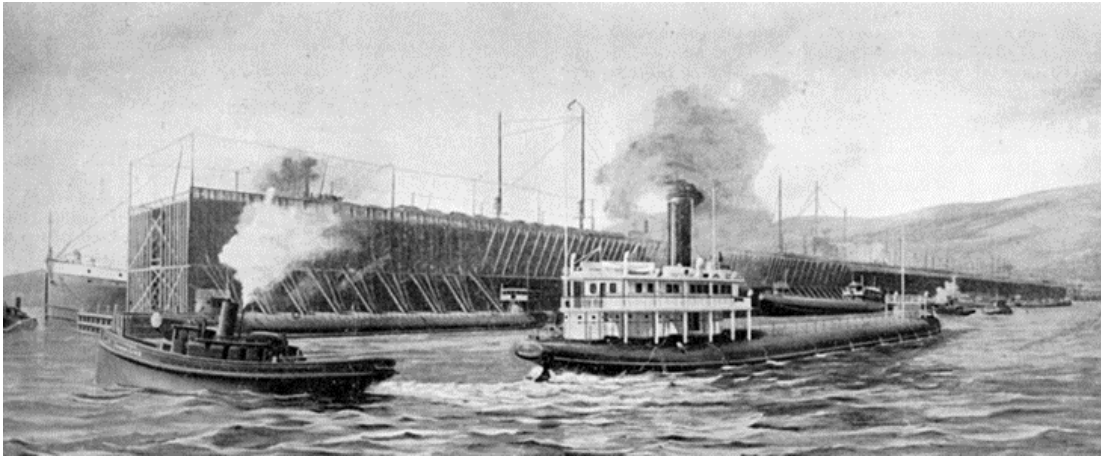
Speaking of steam engines, we sent some critical parts off our working steamer, DM&IR #332, to the Strasburg Railroad in Pennsylvania for rebuilding. Like many attractions the railroad and its steam shop were shut down. Now reopened, that work is just beginning. It won't be done in time to run steam here in Duluth this summer. Like Thomas, #332 will be back next year.

First Mesabi Ore Through Duluth Docks

From: [Bruce K](#) Date: Wed, 22 Jul 2020 07:29:01 PDT OreRail@groups.io

On this date in 1893 (July 22) the first ten carloads of iron ore from the Merritt's mine in Mountain Iron arrived at the new DM&N Duluth ore docks. The first of billions of tons to follow.

<http://zenithcity.com/thisday/july-22-1893-first-load-of-ore-arrives-at-duluth-docks/>



July 22, 1893: First load of ore arrives at Duluth docks

On this day Duluth in 1893, at approximately 5:19 p.m., a load of iron ore mined along the Mesabi Iron Range arrived in ten cars pulled by a locomotive of the Duluth, Missabe & Northern Railroad and was loaded on Duluth's first ore dock, a wooden structure that stretched into the bay at Thirty-Third Avenue West for the first time. (Construction on the dock actually began in 1883 as it was thought Charlemagne Tower would ship ore from his Vermillion Iron Range to Duluth, but instead he chose Agate Bay—today's Two Harbors—and construction was stopped until the Mesabi Range was opened). The *Duluth News Tribune* called the event "an epoch in the history of the West End" although the ore docks actually mark the border between West Duluth and the West End (aka "Lincoln Park"). The entire Merritt family, which had essentially "opened" the Mesabi Range, was in attendance to watch the ore being dumped into 30 of the dock's 400 "pockets," where the ore sat until it was loaded into a waiting vessel. The ore came from the Merritt's Iron Mountain Mine. Unfortunately for the Merritts, the Financial Panic of 1893 would cost them dearly and soon, because of a series of business deals, they had lost everything to John D. Rockefeller. You can read about the history of Duluth's ore docks [here](#) and about how Rockefeller stole the Merritt's mine holdings [here](#).



Museum Reopening Information

July 12 2020

We are very pleased to announce that the museum is reopening this month. We will open on July 18th and 19th to members only and we will open to everyone on July 25th and 26th. Capacity limits will be in place to ensure social distancing and tickets must be purchased in advance to prevent long wait times to get into the museum. General admission tickets are **now on sale on our website** or, if you cannot purchase your tickets online, you can phone our office during public hours on days we are open.



General admission tickets are now on sale. New policies are in place to assure everyone's safety. Museum depot sees major improvement work. Plastic membership cards for museum members. New track going in at the south end of the property. Historic 'L' car runs for the first time in years.

Be a part of the museum's Docent Program.

US Army diesel being restored by IRM volunteers. Cleveland streetcar restoration progress.

Historic signs available in IRM's online sign shop. Planned giving - another way you can support IRM. Tickets now on sale.

Among the measures we are taking to ensure the safety of our guests and staff (see below for more) is placing limits on capacity and putting no-contact ticket purchasing in place. For the time being, tickets will NOT be available for sale at the museum entrance on a walk-up basis. They can be purchased in advance on our website or by calling the museum office on days we are open to the public at 815-923-4391 ext 2. Please make sure you have purchased your tickets before heading to the museum. [Click here to buy admission tickets](#)



Depot Improvement Work

Our Building & Grounds Department has been hard at work on a major project to improve and restore the exterior of our historic 1851 East Union Depot. This work will include a full paint job and some exterior cladding repair. Most noticeably, the two windows at the east end of the building are being removed. This will make the building more accurate, as this was the freight end of the building and it never had windows in this location until it came to IRM.



US Army Diesel Painting

The current repainting project in our diesel shop is our GE 45-tonner, US Army 8537, the museum's longtime go-to switch engine. This engine is often seen moving equipment around the museum but its paint job was becoming badly deteriorated. It is being completely repainted in Army colors by our volunteers.

[Click for more info on diesel restoration](#)

Second in a Series: Cutting Service Actually Costs More

Written by David Peter Alan, Contributing Editor Railway Age July 13 2020



This year, Americans held what may have been the most subdued observance of the Fourth of July in the nation's history. There were few parades, town celebrations or fireworks displays in recognition of the nation's birthday. In short, there were essentially no parties or events, so few people had reason to go anywhere.

The first article in this series, published on July 4, was somber as well. It outlined Amtrak's threat to curtail mobility for millions of riders who depend on its trains. Americans have always considered the freedom to travel as one of the features that "Made America Great" but "America's Railroad" (as Amtrak calls itself) is now prepared to require customers to consult a calendar to find out whether or not Amtrak will permit them to travel on the day they wish to take a trip.

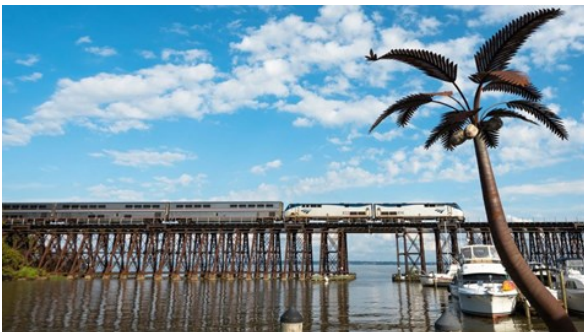


Amtrak President and CEO Bill Flynn.

On May 24, Amtrak President William J. Flynn asked Congress for a supplemental appropriation of \$1.475 billion, on top of the \$1.02 billion that the railroad has already received under the CARES Act. The new demand came in light of the shutdowns caused by the COVID-19 virus and the precipitous drop in travel that ensued when much of the country was locked down. At this writing, Amtrak is still running most of its national network—a skeletal web that has historically included only about a dozen long-distance (L-D) trains every day—as it has since 1997, except for the two that only run three times per week. Effective Oct. 1, every L-D train that caters to riders without automobiles (the *Auto Train* will be the sole exception) will join those two. Amtrak has already implemented the first reduction by cutting service between New York and Florida in half. That started on Monday, July 6.

The southbound *Silver Meteor* (Train 97, via Fayetteville and Charleston) leaves New York Mondays through Thursdays, while the *Silver Star* (Train 91, via Raleigh and Columbia), leaves New York Fridays through Sundays. The northbound *Silver Meteor* (Train 98) leaves Florida Sundays through Wednesdays, while the *Silver Star* (Train 92) leaves Florida Thursdays through Saturdays. Some riders in the Carolinas now face the prospect of waiting for up to five days for a train that will serve their city or town. Trains 89 and 90, the *Palmetto*, an all-day train between New York and Savannah via Charleston, will continue to operate daily, at least for now. So Amtrak has already begun the dismantling process, to demonstrate that it "means business." Congress and USDOT officials, please take notice!

Amtrak claims that the purpose of cutting the L-D network back to three-day-a-week operation is to save money. That does not make economic sense, and Amtrak knows it. The fixed costs of operating continue, no matter how few or how many trains Amtrak (or any other provider) runs.



Amtrak Auto Train.

The more trains that run, the smaller the fixed cost becomes as a component of the overall cost, whether amortized over the number of trains, the number of cars or the number of riders. If fixed costs are the same for a train that operates every day and one that operates three times per week under comparable circumstances, every dollar of the fixed cost of the daily train becomes \$2.33 for the tri-weekly train. Cutting service saves some of the variable operating costs, but the extra fixed cost is a lot to overcome.

“Amtrak claims that the purpose of cutting the L-D network back to three-day-a-week operation is to save money. That does not make economic sense, and Amtrak knows it.”

Transportation economist and *Railway Age* Contributing Editor Jim Blaze said that Amtrak needs to maximize revenue against the sunk costs of rolling stock and available track capacity: “Parking cars with seats already on the balance sheet is naïve at best. Discouraging business with less frequent service is a very bad economic/marketing/financial idea.” Thus, equipment utilization is an important factor in keeping the L-D trains financially healthy, or at least to keep them going. Blaze has more to say in commentary following this one.

There have been proposals that would have remedied the deficiencies of Amtrak's two historically tri-weekly operations, purportedly to Amtrak's benefit, as well as that of the riders. At a conference sponsored by the Rail Users' Network (RUN) in 2013 in Chicago, Brian Rosenwald, Amtrak's manager in charge of L-D trains at the time, presented his plan for improving scheduling and equipment utilization on the tri-weekly *Sunset Limited* and still-daily (for now) *Texas Eagle*. Rosenwald's plan would have allowed the *Sunset* to operate daily, with no additional equipment and at very little additional cost. Under his plan, the full-consist train (including sleeping cars, coaches, and food service cars) would have run between Chicago and Los Angeles through Texas, along with a connecting daytime train between San Antonio and New Orleans; the latter carrying coaches and a diner-lounge car. There was also an initiative (still ongoing in some form) to run the *Cardinal* between New York and Chicago, through West Virginia, every day. It requires two consists to run that train on a tri-weekly schedule, but with a third consist added, it can run daily. If those two initiatives had been implemented, the entire Amtrak L-D network could have run every day. They were not.

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“The fixed costs of operating continue, no matter how few or how many trains Amtrak (or any other provider) runs. The more trains that run, the smaller the fixed cost becomes as a component of the overall cost, whether amortized over the number of trains, the number of cars or the number of riders.”

Amtrak is fully aware that running trains less-often than daily results in a loss of revenue. Years ago, Amtrak hired Mercer Management Consulting to suggest ways to save money. Mercer recommended eliminating some routes and running others three or four times per week. That happened in the mid-1990s, and there are managers at Amtrak today who were there during that period. So Amtrak still has the institutional memory of that failure.

Ross B. Capon, who was Executive Director of the National Association of Railroad Passengers (NARP, now the Rail Passengers Association, or RPA) at the time, remembered the experiment and described it as not producing the desired results. This writer remembers how difficult it was to plan a multi-segment itinerary on Amtrak during those times, especially having to figure out the days when connections between trains were available, and planning the entire trip around those connections. For example, the connection from the now-defunct *Pioneer* to the now-defunct *Desert Wind* at Denver worked only one day a week (on Thursdays, as it turned out). Both trains were discontinued in 1997.

After some of the cuts had become permanent and other trains were restored to daily operation, it had become widely-known that the Mercer cuts had actually cost Amtrak more than it saved, regardless of the inconvenience caused to the riding public, or maybe because of it. The Government Accountability Office (GAO) noticed that, too, and reported it to Congressional committees on May 14, 1998. The report, entitled **INTERCITY PASSENGER RAIL**, with a subheading **Financial Performance of Amtrak's Routes**, was issued in connection with the Amtrak Reform and Accountability Act of 1997.

The GAO report noted: “Amtrak closed 4 routes, truncated 6 routes, and reduced the frequency of service on 11 routes, typically from daily to three or four times per week. Amtrak achieved \$54 million in cost savings in fiscal year 1995; however, it subsequently restored much of this service because the ridership and financial performance of routes with less than daily service were worse than anticipated.” The report also noted that the two trains that historically operated on tri-weekly schedules (and still do), the *Sunset Limited* (which ran between Los Angeles and Orlando, Florida at the time) and the *Cardinal* were the only L-D trains for which operating expenses exceeded passenger revenue by a factor of three. The only corridor route that shared the distinction was the *Wolverine* service between Chicago, Detroit and Pontiac, Michigan.

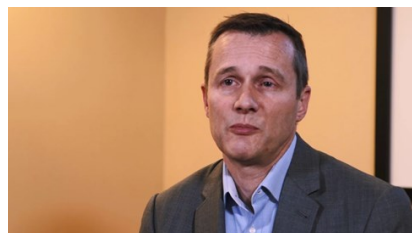


Amtrak Wolverine, June 2019. Michigan Central

Regarding the Mercer cuts themselves, the report described some new state-supported services initiated at the time, and summed up the adverse effects that the cuts had on Amtrak's bottom line (at 13): “These route and service changes resulted in a 13% reduction in the total miles that Amtrak trains traveled from fiscal year 1994 to fiscal year 1996 and \$54 million in cost savings in fiscal year 1995. However, during fiscal year 1996, Amtrak's overall ridership dropped by 1.1 million passengers, or 5%, and anticipated reductions in operating costs were not realized on routes with reduced frequency of service. Amtrak officials told us that these problems occurred because (1) while passengers affected by frequency reductions generally adjusted their travel plans to conform with Amtrak's more limited service in 1995, this rider behavior did not continue into 1996; (2) management did not cut costs as much as planned; and (3) less-than-daily service caused less efficient usage of equipment and other unforeseen problems.”

Amtrak's own officials at the time were aware that the Mercer cuts cost more than they saved; at least after the fact. Thomas M. Downs, who implemented the cuts as President of Amtrak, is still around and on the scene, fully capable of speaking out about the situation. His successor and fellow New Jerseyian, the late George D. Warrington, did. At an Oversight Hearing on Amtrak, held before the Senate Committee on Commerce, Science, and Transportation on September 26, 2000, Warrington said, “I will tell you, though, that generally, in retrospect, all of those eliminations back in 1995 and 1996 ended up costing the company more in lost revenue than we were able to take out in the way of expenses, given the fixed-cost nature of the operation.”

The record presents proof that Amtrak officials were aware of the adverse financial effects of cutting service to less-than-daily on L-D routes. Warrington's admission to the Senate committee establishes this (see Rule 801(d)(2) of the Federal Rules of Evidence), and Amtrak managers today cannot deny their own company's institutional memory of the economic folly of offering service only on certain days. The cited statements and documents appear to establish a *prima facie* case that Amtrak is acting maliciously or with reckless disregard for the public. What defenses can Amtrak now assert?



Executive Vice President and Chief Marketing and Commercial Officer Roger Harris.

Ironically, Amtrak now claims that the impending cuts might be only temporary. Executive Vice President and Chief Marketing and Commercial Officer Roger Harris (another airline man, like Richard Anderson and successor Bill Flynn), reportedly wrote to Amtrak employees on June 15 that daily service could be restored as demand warrants, possibly as soon as the summer of 2021. This writer finds that assertion very difficult to believe, because it is reasonable to expect that Amtrak will lose more money running fewer trains, so the additional funds available to restore daily operation next year will not be available.

As far as demand is concerned, riders are effectively required to be familiar with the schedules now, or it is difficult to get them. Amtrak has not displayed train schedules on its website since the COVID-19 virus hit, which makes it very difficult for potential customers to see when the trains run, particularly if they are not familiar with Amtrak operations. This will become much worse if the riding public cannot easily find out the days when Amtrak will permit them to travel. *Continued on next page:*

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In effect, Amtrak is keeping vital information away from the riding public, thereby suppressing the demand that it claims it needs to restore daily service. So, without financial help from Congress and possibly even with it, it does not make sense to expect that Amtrak could restore daily service on its own initiative.

Amtrak's own website belies the assertion that more demand could convince managers to restore daily service. According to the "reservations" feature on the site (the only place where schedules can be found), Train 98 was sold out the day before its first departure as the only train heading northbound from South Florida, on July 6. That fact alone should dispel any argument that Amtrak could proffer about excess capacity that riders do not wish to fill, or about how additional demand could someday be accommodated with more-frequent service. With the difficulty that riders face in getting schedules, coupled with sufficient demand to fill all of the capacity that Amtrak is offering on the route, the only way that Amtrak could satisfy any "additional" demand would be to keep running the "additional" train that has just been eliminated, starting that day. Therefore, before the first service reduction was even implemented, Amtrak has demonstrated that it does not make sense. It seems clear that Amtrak appears to be exhibiting a motive other than saving money. We will have more about that later in this series.



VIA Rail Ocean

A relatively recent article published in Canada highlighted a similar result on VIA Rail to Amtrak's experience a quarter-century ago. **Transport Action Atlantic** (TAA) has been advocating for improved transportation in the Atlantic Canada region, which was served historically by VIA Rail's *Ocean* train, running between Montreal and Halifax, Nova Scotia. Late in 2012, VIA Rail implemented several cuts, similar to the ones threatened by Amtrak. The *Ocean* was cut from running six days a week to three, while the transcontinental *Canadian* between Toronto and Vancouver was reduced from three weekly frequencies to two. VIA Rail made other cuts at the time, too.

Tim Hayman analyzed the numbers in a story in the Fall-Winter, 2016 issue of TAA's Bulletin bearing the headline "Fewer Trains, Higher Cost – VIA's Tri-Weekly Ocean Continues to Cost More Than 6 Day/Week Service." He started by saying: "When VIA Rail cut service on the Montreal-Halifax *Ocean* in half back near the end of 2012, it

claimed that the move was made to reduce the cost of running the service. The *Ocean*, like all of VIA's services (and indeed, nearly all public transportation systems worldwide), operates at a net "loss," with subsidies required to offset the operating costs of the service. Trains like the *Ocean* require a somewhat higher subsidy per passenger than VIA's Corridor services, and VIA management was supposedly looking for ways to reduce spending across the system. So the *Ocean* was reduced from six-day-per-week operation to only three. Examples from Canada and elsewhere in the world continue to show that frequency reductions are not an effective means of reducing costs. While they may result in some immediate cost savings, any cost reductions are offset almost without fail by greater reductions in ridership as a result of the less convenient service."

Predictably, the savings that VIA Rail realized at first were meager, but Hayman found that that it would have cost less to run the train more often. He reported that costs fell by about 10%, while revenue dropped by 25%. The shortfall for six-day operation was C\$34.9 million. It was reduced in 2013 to C\$33.4 million under tri-weekly operation. Even if VIA Rail could have argued that the savings of roughly 4.3% justified the inconvenience to the traveling public, the shortfall later increased, and had grown to C\$36.7 million by 2015; an increase of 5.4% over the net cost of running the train twice as often. In short, VIA Rail was losing more money by running a train half as often as on the previous schedule, three days per week, when it formerly ran six days per week.



VIA Rail Canadian at Jasper.

Hayman also reported that the subsidy per passenger-mile had grown from C\$55¢ in 2011 to C\$89¢ in 2015; a 60% increase. His summary: "The problem with reduced frequency is that costs don't come down enough, while revenues plummet ... Basically, VIA's argument that cutting frequency to three trains a week was necessary to save costs was simply wrong. Reducing the frequency has, as many predicted, caused a decline in ridership that offset any savings from running fewer trains, and has resulted in a service that costs VIA more both in absolute terms, and on a per-passenger basis."

Today, neither the *Ocean* or the *Canadian* are running at all, and will not run until this coming November, at the earliest. Would Amtrak suspend future tri-weekly trains in a similar manner? Amtrak could label them "experiential trains" or "cruise trains" and claim that they are not an essential travel option. If it happened at VIA Rail, it could happen at Amtrak, too. Even if those trains keep running on tri-weekly schedules, how much additional loss would Amtrak incur by continuing to run them?

Hayman's report is similar to those that followed the Mercer cuts at Amtrak. Revenue did not drop much at first, but it did later. It appears that at least some riders were willing to accommodate Amtrak's choice of travel days for a short time, but they later gave up and found some other way to get to their destinations, or they did not make the trip. It is also possible that they stayed loyal to Amtrak for a while, hoping the cuts would be temporary. Some of them were, but the service reductions lasted for two to three years. Other trains that were discontinued at the time never came back.

Amazingly, Amtrak requested less money toward its FY2020 budget than Congress had actually appropriated, according to **a report by Jeff Davis in the March 21, 2019 edition of *Eno Transportation Weekly* headlined "Amtrak Requests \$141 Million Cut in Its Own Budget."** Davis reported that Amtrak's request for the Northeast Corridor (NEC) was \$50 million below the Congressional appropriation, while the request for the L-D trains was \$91.6 million less than Congress had appropriated. Amtrak turned down nearly \$100 million that Congress had offered for those trains last year, but many of the same managers are still running the railroad (despite Flynn replacing Anderson), so Amtrak's current protestations that it is necessary to cut service to same money do not make sense on their face. *Continued on next page:*

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In the same report, Davis listed the financial performance numbers of all of Amtrak's L-D trains, including on a passenger-mile basis (which corrects for the length of trips that riders take). Again, the results do not support Amtrak's arguments about cutting service to limit losses. Davis reported numbers from fiscal 2018, the latest available at the time. Amtrak's two tri-weekly trains, the *Cardinal* and the *Sunset Limited*, showed the biggest losses per passenger-mile by far, exceeding those of the worst-performing daily train (the *Crescent* between New York and New Orleans) by more than 50%. During the same year, the two tri-weekly trains carried slightly fewer than 100,000 passengers, less than half the number carried by the *Capitol Limited* (between Washington, D.C. and Chicago, via Pittsburgh). So Amtrak management knows that running trains only three times per week discourages riders from using those trains, and renders the revenue losses for those trains significantly worse than for trains that run every day. It cannot deny numbers that are only two years old.

So, why would Amtrak threaten such severe and demonstrably costly service cuts? Maybe Amtrak is using hardball negotiating tactics with Congress, even though it is government-owned, but that appears highly unlikely. To this writer, at least, it appears far more likely that Amtrak's opposition to its L-D trains is ideologically based. We will explore that possibility in the next article in this series.

JIM BLAZE: A RAILROAD ECONOMIST'S PERSPECTIVE



Jim Blaze

Amtrak's current sunk cost fleet and its trackage rights with now far less freight train congestion is at a strategic fork in its medium- to long-distance passenger market relevance. Regardless of route chosen, senior managers and the Amtrak Board will leave their fingerprints on the outcome. They have nowhere to hide, professionally speaking.

The economic principles are simple. There are two choices:

Sunk costs of assets can be milked during difficult times to earn revenues that cover much of the variable costs, like fuel and crews. Preserving public service at a base daily level requires pricing service marginally to remain market-relevant. Preserving service generates market presence—an image.

Alternatively, consider those thousands of Amtrak coach seats as just accounting liabilities. Written off for scrap, they generate almost no cash—zero earning value. Simultaneously walking away from a temporarily lower customer base means shifting toward an “out of sight/out of mind” market absence.

The first choice marks the character of a *market aggressor*. That characteristic is strategic—in it for the long haul role. Gambling with already-spent “house money” because the taxpayers are the owners of those seats, and the ones whose representatives authorized a business-like growth effort.

The second choice, the path of service frequency cuts, reflects *passive thinking* based upon cost control accounting and far lower market relevancy efforts. It's based on protecting the U.S. government from an Amtrak bankruptcy. It's completely risk adverse, a tactical economic outlook.

Let's be honest. Amtrak's shift to three-days-per-week service signals an exit strategy. Storing lots of these already-possessioned train seat-miles provides almost zero business evidence that the long-distance trains will return as a big-time role player.

Therefore the strategic play is to stay the course: Re-price a bit lower to maintain presence and modest cash flow. It's a simple equation used by freight railroads. That's the cash flow model.

Every financial and market leader comprehends this strategic approach. There is no mystery here. Just modify the freight rail term “carloads” to passenger seats. Take those thousands of daily car seats in hundreds of Amtrak cars and be aggressive. Use those car seat-miles—or take the low risk path. Adapt, improvise, grow—or become irrelevant.

Reducing a possible failure risk by maybe a hundred million dollars or so? Against a possible federal \$4 trillion stimulus deficit, an Amtrak “cut and store the seats” approach is a federal budget accounting rounding error.

Collectively, the choices that Amtrak's C-Suite senior managers and board will be their “professional legacy”—which is beginning to look more and more like an oxymoron.



David Peter Alan is Chair of the Lackawanna Coalition, an independent non-profit organization that advocates for better service on the Morris & Essex (M&E) and Montclair-Boonton rail lines operated by New Jersey Transit, and on connecting transportation. In New Jersey, Alan is a long-time member and/or board member of the NJ Transit Senior Citizens and Disabled Residents Transportation Advisory Committee and Essex County Transportation Advisory Board. Nationally, he belongs to the Rail Users' Network (RUN). Admitted to the New Jersey and New York Bars in 1981, he is a member of the U.S. Supreme Court Bar and a Registered Patent Attorney specializing in intellectual property and business law. Alan holds a B.S. in Biology from Massachusetts Institute of Technology (1970); M.S. in Management Science (M.B.A.) from M.I.T. Sloan School of Management (1971); M.Phil. from Columbia University (1976); and a J.D. from Rutgers Law School (1981).

Rail Traffic Still Stuck

Written by Andrew Corselli, Managing Editor Railway Age July 22 2020

The Association of American Railroads (AAR) reported U.S. rail traffic for the week ended July 18, 2020, and, for this week, total U.S. weekly rail traffic was 481,597 carloads and intermodal units, down 8.5% compared with the same week last year. On the heels of some good runs, rail traffic

took another hit, as total carloads for the week ended July 18 were 214,685 carloads, down 15.7% compared with the same week in 2019, while U.S. weekly intermodal volume was 266,912 containers and trailers, down 1.7% compared to 2019.

One of the 10 carload commodity groups posted an increase compared with the same week in 2019. It was miscellaneous carloads, up 212 carloads, to 10,782. Commodity groups that posted decreases compared with the same week in 2019 included commodities such as coal, down 22,464 carloads, to 56,202; metallic ores and metals, down 6,659 carloads, to 15,766; and nonmetallic minerals, down 6,108 carloads, to 30,986.

For the first 29 weeks of 2020, U.S. railroads reported cumulative volume of 6,117,168 carloads, down 16.1% from the same point last year; and 6,951,086 intermodal units, down 9.6% from last year. Total combined U.S. traffic for the first 29 weeks of 2020 was 13,068,254 carloads and intermodal units, a decrease of 12.8% compared to last year.

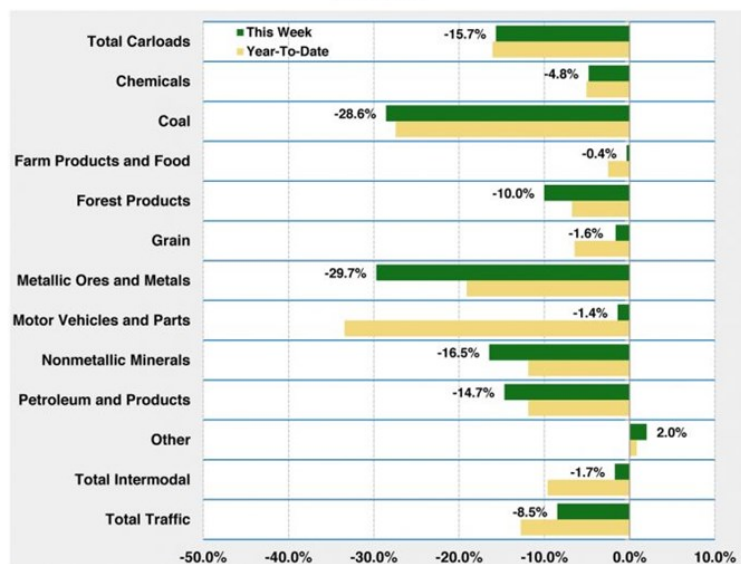
U.S. Rail Traffic¹
Week 29, 2020 – Ended July 18, 2020

	This Week		Year-To-Date		
	Cars	vs 2019	Cumulative	Avg/wk ²	vs 2019
Total Carloads	214,685	-15.7%	6,117,168	210,937	-16.1%
Chemicals	29,990	-4.8%	888,238	30,629	-5.1%
Coal	56,202	-28.6%	1,630,041	56,208	-27.4%
Farm Products excl. Grain, and Food	15,749	-0.4%	439,453	15,154	-2.5%
Forest Products	8,683	-10.0%	267,681	9,230	-6.8%
Grain	22,395	-1.6%	600,299	20,700	-6.5%
Metallic Ores and Metals	15,766	-29.7%	514,854	17,754	-19.1%
Motor Vehicles and Parts	13,788	-1.4%	310,634	10,712	-33.4%
Nonmetallic Minerals	30,986	-16.5%	864,049	29,795	-11.9%
Petroleum and Petroleum Products	10,344	-14.7%	326,462	11,257	-11.9%
Other	10,782	2.0%	275,457	9,499	0.8%
Total Intermodal Units	266,912	-1.7%	6,951,086	239,693	-9.6%
Total Traffic	481,597	-8.5%	13,068,254	450,629	-12.8%

¹ Excludes U.S. operations of Canadian Pacific, CN and GMXT.

² Average per week figures may not sum to totals as a result of independent rounding.

Trends, 2020 vs 2019
United States



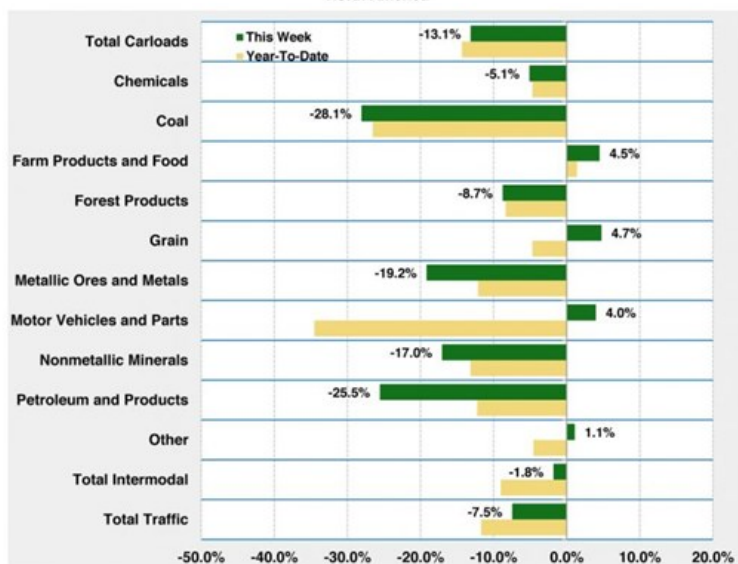
Weekly Railroad Traffic | Copyright AAR, 2020

North American Rail Traffic
Week 29, 2020 – Ended July 18, 2020

	This Week		Year-To-Date		
	Cars	vs 2019	Cumulative	Avg/wk ¹	vs 2019
Total Carloads	312,112	-13.1%	8,804,011	303,587	-14.3%
Chemicals	41,991	-5.1%	1,262,212	43,525	-4.7%
Coal	62,754	-28.1%	1,818,069	62,692	-26.5%
Farm Products excl. Grain, and Food	26,212	4.5%	731,046	25,208	1.4%
Forest Products	14,841	-8.7%	449,045	15,484	-8.4%
Grain	35,336	4.7%	914,991	31,551	-4.7%
Metallic Ores and Metals	34,121	-19.2%	1,064,831	36,718	-12.1%
Motor Vehicles and Parts	23,638	4.0%	495,745	17,095	-34.5%
Nonmetallic Minerals	41,452	-17.0%	1,132,073	39,037	-13.2%
Petroleum and Petroleum Products	17,928	-25.5%	596,545	20,571	-12.2%
Other	13,839	1.1%	339,454	11,705	-4.6%
Total Intermodal Units	354,593	-1.8%	9,257,749	319,233	-9.0%
Total Traffic	666,705	-7.5%	18,061,760	622,819	-11.7%

¹ Average per week figures may not sum to totals as a result of independent rounding.

Trends, 2020 vs 2019
North America

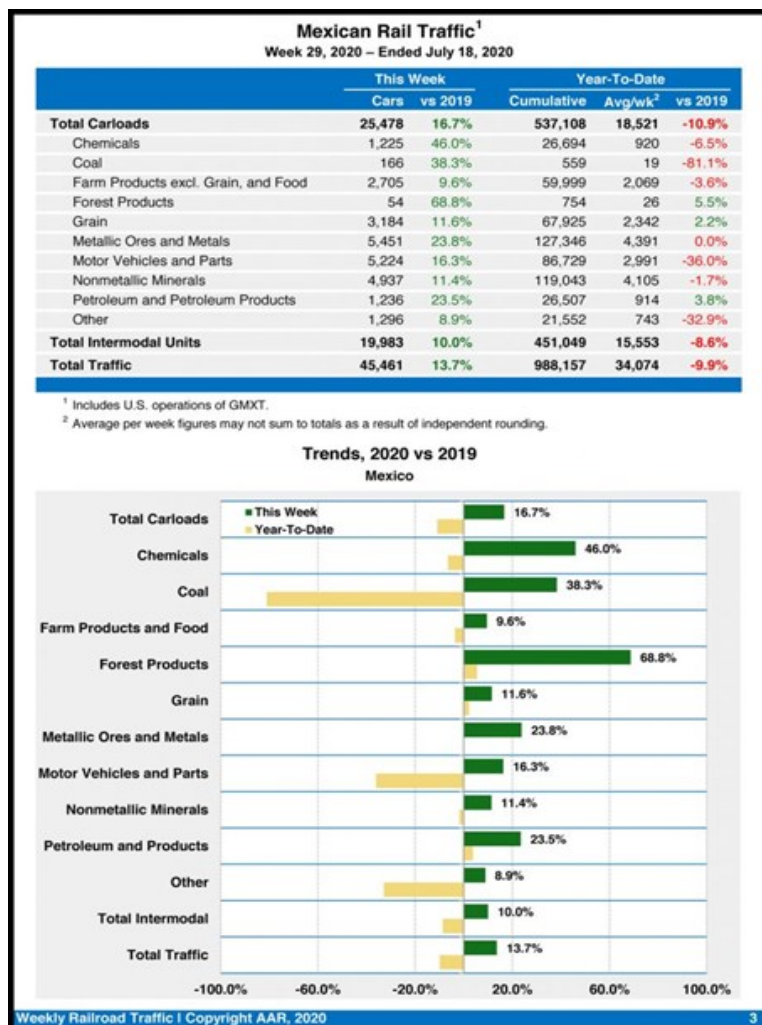
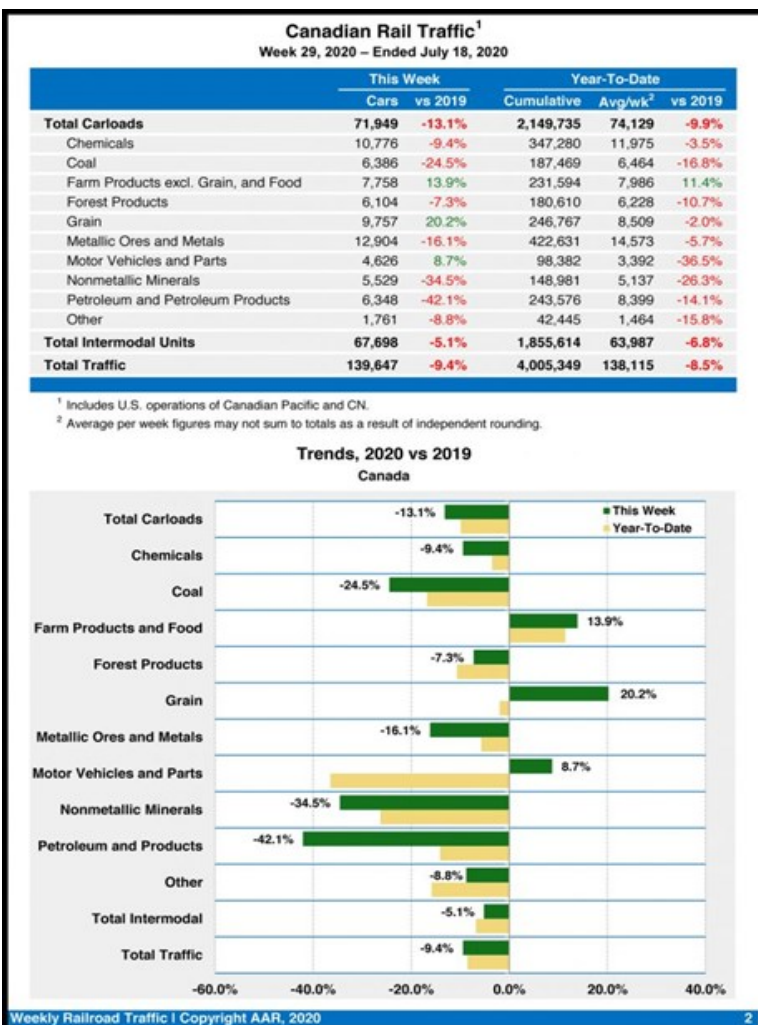


Weekly Railroad Traffic | Copyright AAR, 2020

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Continued from previous page: North American rail volume for the week ended July 18, 2020, on 12 reporting U.S., Canadian and Mexican railroads totaled 312,112 carloads, down 13.1% compared with the same week last year, and 354,593 intermodal units, down 1.8% compared with last year. Total combined weekly rail traffic in North America was 666,705 carloads and intermodal units, down 7.5%. North American rail volume for the first 29 weeks of 2020 was 18,061,760 carloads and intermodal units, down 11.7% compared with 2019.

Canadian railroads reported 71,949 carloads for the week, down 13.1%, and 67,698 intermodal units, down 5.1% compared with the same week in 2019. For the first 29 weeks of 2020, Canadian railroads reported cumulative rail traffic volume of 4,005,349 carloads, containers and trailers, down 8.5%.



Mexican railroads reported 25,478 carloads for the week, up 16.7% compared with the same week last year, and 19,983 intermodal units, up 10%. Cumulative volume on Mexican railroads for the first 29 weeks of 2020 was 988,157 carloads and intermodal containers and trailers, down 9.9% from the same point last year.



Volume 3 Issue 7 July, 2020

Who says only Lionel has a bridge right at the tunnel mouth? The little engine that could, and did make it 3,800 some miles from Moncton, NB to Nanaimo, BC on its own wheels! A few things were against it: AAR type A trucks, albeit better than Blunt but still speed restricted compared to AAR type B, Blomberg or FlexiCoil, did have AP roller bearings, but no alignment control couplers. Took longer than first estimated because it got held up due to the cessation of rail service in some locales during the political arguments between the First Nation and Canadian government. But it got to its new home OK, albeit with a lot of wheel wear.

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Museum and Excursion Trains



A recent rainstorm has washed out a significant portion of the Durango & Silverton Narrow Gauge Railroad's tracks, effectively cutting off the railroad from Silverton for the next eight to 16 weeks. The rainstorm brought down a massive amount of debris from the Elk Creek drainage, which jammed at the railroad's bridge. The log jam then caused Elk Creek to overflow and wash out more than 40 feet of the D&SNG's tracks. The insurance company for Durango's Purgatory Resort is suing the Durango & Silverton Narrow Gauge Railroad over damages resulting from the 416 Fire, the 2018 wildfire which the U.S. government has said was started by sparks from a D&S locomotive. The suit says the resort was forced to close for two months, suffering losses to its property and business.

A pair of trestles built nearly 150 years ago along the route of the First Transcontinental Railroad were destroyed in a Utah wildfire. Firefighters were unable to save two small bridges built by the Central Pacific Railroad in the early 1870s.

The Steamtown National Historic Site has now cancelled all scheduled excursions through Sept. 30, because of the COVID-19 pandemic. In a press release, the site said the decision reflected the lead time needed to perform maintenance on its equipment that could not be completed this spring, along with "concerns about the practicality of implementing CDC, state, and local guidelines regarding COVID-19.

The Rocky Mountaineer has again pushed back the start of its season, postponing all scheduled trips through the end of August. The luxury rail tour company offers multi-day trips from Vancouver, British Columbia. Those holding reservations during the period of the suspension will receive a 110% credit for trips rescheduled later this year, in 2021, or in 2022. The company also says it will hold prices at 2020 levels through that period. The Cincinnati Museum Center and Holocaust & Humanity Center, located in the Cincinnati Union Terminal, have announced plans to reopen [on July 17](#). They have been closed since March 14 because of COVID-19. Reopening plans include use of timed tickets to aid in social distancing, along with signage and floor markings to assist in maintaining a 6-foot distance. Staff will be required to wear masks, while visitors are asked to do so.

For the first time since 2011, the narrow-gauge East Broad Top Railroad in central Pennsylvania will offer public passenger-train rides Aug. 13-15. The reopening of the National Historic Landmark coincides with the 260th anniversary of the founding of the town of Orbisonia and its twin borough, Rockhill Furnace, home to the company's general offices, machine shops, and roundhouse.



Your Monthly Semaphore Newsletter

Boom, crackle, flash! It's July 4th weekend MTM members and friends.

We are open!

The Semaphore newsletter is here to get you up to speed on our current status. Here is all the current information about our grand reopening at the Jackson Street Roundhouse.

Articles from our Board Chair Brian Voss and Editor Warren Plaisance explain the preparations we've been up to at the museum to get ready for the public to come on back.

Have a look at the tremendous work being done to improve our appearance around the grounds of Jackson Street Roundhouse. It is all shined up and looking very sharp indeed.

Tot's 'n Trains carries on for our younger visitors. The first in person children's book readings were this morning at the roundhouse. The G Scalers were back too! Operating their layout for our visitors all decked out in red white and blue.

We have new videos of our library of favorite children's books available for you to view by following the links included. We even have our regular songs!

This and more in the July issue!

If you have any trouble opening the links to read the Semaphore, please contact the Editor Warren Plaisance at warrenplais@gmail.com He's happy to help!



MTM News July 17 2020

2020 SCENIC RAILWAY OPERATIONS CANCELLED DUE TO PANDEMIC

The worldwide pandemic (COVID-19) has forced a decision to cancel operations of the Osceola & St. Croix Valley Railway for the remainder of 2020. The decision was made on July 17, 2020 by the Board of Directors of the Minnesota Transportation Museum (MTM), which operates the railway along the St. Croix River, with departures from Osceola.

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Continued from previous page: “It was with extremely heavy hearts, after considering many factors and having honest discussion, that our Board made this decision,” said Brian Voss, MTM Chair. “Many of our members and volunteers have spent nearly every summer for decades working on the railway, and they love doing it,” he said. “The pandemic is unprecedented, and overwhelmingly we felt that we must put the health and safety of our passengers and volunteers first and foremost.”

MTM considers itself a partner with the Village of Osceola, the Osceola Chamber of Commerce, and the Osceola Historical Society which owns the historic Soo Line Depot. “We will work together with our community partners to make the 2021 season a success for businesses in the region as well as the railway itself,” said Voss

While the railway season has been cancelled, MTM has reopened the Transportation Museum at the historic Jackson Street Roundhouse in Saint Paul, Minnesota. “That decision was due to the large open areas that allow for appropriate social distancing,” said Chairperson Voss. Considerable safety precautions have been put in place, including a temperature check at the entrance and a mandatory face mask requirement.

Visitors are invited and encouraged to visit the museum to experience vintage railroading on Wednesdays and Saturdays. Please make reservations online.

Under the current situation, MTM is requesting increased member and community contributions in order to maintain operations and ensure a successful railway season in 2021. Donations can be made at the link below:



USMCA, In Force, Offers Challenges, Opportunities

Written by William C. Vantuono, Editor-in-Chief Railway Age July 02 2020



As the U.S.-Mexico-Canadian trade agreement (USMCA) officially becomes the governing statute for commerce across North America, Marc Brazeau, President and Chief Executive Officer of the Railway Association of Canada (RAC), Iker de Luisa Plazas, Director General of Asociacion Mexicana de Ferrocarriles (AMF) and Ian Jefferies, President and CEO of the Association of American Railroads (AAR) issued the following statement:

“As the United States–Mexico–Canada Agreement (USMCA) takes effect, competitiveness, growth and social well-being are expected. In this new stage of trilateral co-operation, freight rail plays a fundamental role, as it did for NAFTA, a period in which the sector became an integrated and unique service in the world.



Ian Jefferies



Pat Ottensmeyer

“The new agreement constitutes a message of confidence and stability for Mexico, Canada and the United States that will encourage railway companies to respond to the needs of an increasing volume of goods in the North American market.

“In 2020 the railway industry has been an essential activity in the framework of the Covid-19 pandemic and its contribution is expected to be decisive for the reactivation of logistics chains and economic growth in the region.

“Mexico, United States and Canada are intricately linked by companies that have a presence between them, which depend on a constant flow of raw materials and components to create and transport goods. Freight rail is the safest, most sustainable and most effective network for this purpose. Kansas City Southern President and CEO Pat Ottensmeyer, ***Railway Age’s 2020 Railroader of the Year***, played an integral role in USMCA negotiations and implementation. ***In the July 2020 issue’s Midyear Report, he described the “North American Moment,” a juxtaposition of “challenges and opportunities”:***

The USMCA’s entry into force marks the beginning of a historic new chapter for North American trade by modernizing the 25-year-old North American Free Trade Agreement (NAFTA) in a manner designed to spur robust economic growth across the continent,” Ottensmeyer noted. “The agreement contains global best-in-class trade provisions in areas such as agricultural market access, digital trade, financial services, regulatory policy, and numerous other sectors. These enhancements will deliver more jobs, provide stronger labor protections, and expand market access, creating new opportunities for American workers, farmers and ranchers.

“The COVID-19 global health pandemic has caused multi-national companies to rethink their supply chain strategies. The strained relationship between the USMCA partners and China has introduced an emerging thesis in supply chain leaders, informally referred to as the ‘ABC (Anywhere But China) Strategy’ as they think about their future sourcing and procurement strategies.

“On April 24, 2020, U.S. Trade Representative (USTR) Robert Lighthizer notified Congress that Canada and Mexico took measures necessary to comply with their commitments under USMCA. Following that notification to Congress, the U.S. became the third country to notify the other parties that it had completed its domestic procedures to implement the agreement—the final step necessary for the USMCA to enter into force.

Here is an excerpt of Ambassador Lighthizer’s statement to Congress: “The crisis and recovery from the COVID-19 pandemic demonstrates that now, more than ever, the United States should strive to increase manufacturing capacity and investment in North America. The USMCA’s entry into force is a landmark achievement in that effort. USTR will continue working to ensure a smooth implementation of the USMCA so that American workers and businesses can enjoy the benefits of the new agreement.” *Continued on next page:*

Continued from previous page: “The combination of approval, and now entry into force, of USMCA on July 1, 2020, coupled with the emerging desire of global supply chain leaders to disfavor China, presents an enormous opportunity for investment in North America,” said Ottensmeyer. “North American railroads will play a critical role in facilitating this opportunity and leading our countries out of the current recession. Railroads connect the U.S., Mexico and Canada, and our networks are the backbone of North American supply chains.”

Here is the challenge, according to Ottensmeyer:

“Misalignment of government policy across North America, such as the current situation caused by the lack of coordination of ‘essential services’ in the three countries, could potentially result in the underperformance of existing, well-established supply chains. If North America is able to better coordinate health and safety initiatives with other important issues such as security (including cyber), efficiency and workforce development, to name a few, there is a path for the continent to emerge as an even stronger force in global manufacturing and logistics.

“Tighter coordination and alignment of priorities between the private sector and the three governments would be extremely helpful in charting a sustainable course of action to pursue this opportunity. USMCA calls for the establishment of a ‘Committee for Competitiveness’ (Chapter 21). Specifically, this Chapter calls for this committee to be comprised by ‘authorities’ from the three countries, but also includes a sub-section allowing for ‘consultation’ of other parties. We would strongly encourage the authorities to use this moment to establish a meaningful, high-level interaction that includes key members of the private sector with this Committee for Competitiveness to meet the objectives of Chapter 21 and to assure that, unlike the 25-year-old NAFTA, the new USMCA stays current and relevant as circumstances change.”



Metra, At Odds With UP, Petitions STB

Written by William C. Vantuono, Editor-in-Chief Railway Age July 21 2020

Chicago’s Metra commuter rail agency on July 21 asked the Surface Transportation Board (STB) to issue a preliminary injunction to prevent Union Pacific from “taking planned steps that would degrade or halt” commuter rail service on the three lines—UP North, UP Northwest and UP West—the Class I railroad operates and maintains equipment under contract.



Separately, Metra also asked the STB to rule on whether UP has a legal common-carrier obligation to provide commuter service. “UP maintains that it has no such obligation,” Metra said, adding that it “strongly disagrees” with UP’s position and that “settling that dispute is critical to determining how service will continue to operate on the lines and, more important, what it will cost the public.”

Union Pacific owns the three UP lines in the Metra system, including the rights-of-way, tracks, yards and most stations and parking lots. UP and its predecessor, the Chicago & North Western (which UP acquired in 1995) has operated these lines and maintained locomotives and passenger coaches since 1974 with its own crews under a PSA (purchase-of-service agreement) contract with Metra.

The agency said UP “now wants to turn over operation of the commuter service to [us], which involves complex issues regarding finances, labor unions, real estate, maintenance and other areas. The two sides have been negotiating a new arrangement for nearly a year but remain far apart.” A preliminary injunction would require UP to continue to perform all the functions it has been providing under the current PSA, “thereby guaranteeing uninterrupted service for nearly 45,000 [pre-COVID-19-level] riders on UP lines.” Metra wants the status quo maintained “because UP recently informed Metra that, irrespective of negotiations and the ongoing common carrier litigation, it intends to begin to halt a variety of functions that UP says do not involve ‘Public Transportation Services.’ Those include such functions as revenue accounting, claims, ticket agents and, most concerning, maintenance of cars and locomotives. Metra strongly disagrees that these services are unrelated to providing commuter service; to the contrary, some of them are essential, core functions. In addition, UP has said that if the court determines it has no common carrier obligation, it intends to discontinue service 90 days after that decision.”

As to a common carrier obligation, Metra pointed out that “railroads have historically been regulated as public utilities with an obligation to provide freight and passenger service to the general public at a reasonable rate and to obtain permission to discontinue service. UP believes the common carrier obligation no longer applies to its commuter operations, but Metra says no public agency has ever released UP or its predecessor, Chicago & North Western, from this obligation.”

UP in December 2019 asked a federal court to decide the matter. That case is pending, but Metra said it is seeking to move the decision to the STB “because that federal regulatory body has responsibility for railroad policy, and expertise in the railroad industry.”



Metra CEO and Executive Director Jim Derwinski. Photo: Chicago Daily Herald.

Metra and Union Pacific have had a longstanding, cooperative working relationship, and our intention is to continue to maintain this relationship going forward,” said Metra CEO and Executive Director Jim Derwinski. “These filings are an effort by Metra to maintain the status quo on the UP North, Northwest and West lines while at the same time attempting to resolve critical points of disagreement between us.”

OBSERVATIONS

The 1995 Interstate Commerce Commission Termination Act (ICCTA), which created the STB, removed from economic regulation publicly owned commuter rail systems that cross state lines, but preserved the ability of those systems to petition the STB for access to privately owned freight rail trackage in terminal areas, and for an unspecified reasonable distance outside such terminals.

“It is most curious that Union Pacific, with so much at stake before the STB, would want even the suggestion to surface that its actions could prevent Chicago area commuters from getting to work, seeing that the former Metra chairman, Martin J. Oberman, is a voting member of the STB, comments *Railway Age*

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Continued from previous page: Capitol Hill Contributing Editor Frank N. Wilner. “He may recuse himself on this issue alone, but his term does not expire until Dec. 31, 2023. Whatever are they thinking in Omaha?”

“I was in Chicago working for CATS (State of Illinois MPO), and at the time it was crystal clear that the C&NW wanted a better deal to help cover its passenger accounting issues,” observes railroad economist and *Railway Age* Contributing Editor Jim Blaze. “C&NW was happy to get the deal, which came to Union Pacific as part of the corporate lineage in return for controlling about 45% of the Powder River Basin coal access when UP finally bought out C&NW. As for modern UP management, what’s the calculated harm to UP shareholders from the existing deal? Who’s figuring that out?”

Others have commented that it is unclear if the dispute is indeed an STB matter. If not, it is a court subject.

UP STATEMENT

“Chicago commuters receive safe, reliable service on the UP North, Northwest and West lines,” UP said in a statement. “This will not change. We have been clear with Metra that commuter trains will continue to run on these lines and service will not be degraded or halted. However, we are negotiating a new agreement that would eventually allow Metra to operate the service and take on the Union Pacific employees who currently perform these duties. Union Pacific would continue to maintain the track and manage train movement.

“A new agreement would bring the UP-Metra service contract into alignment with contracts Union Pacific has with other commuter operators across its system. Union Pacific does not use its own employees to operate or maintain passenger operations anywhere in the 23 states where we operate, except for the service we provide Metra. It also is similar to what Chicago commuters already experience on the Metra North Line, hosted by Canadian Pacific, or the Metra Southwest Line, hosted by Norfolk Southern.

“Union Pacific and Metra have differing interpretations of the common carrier duty and whether Union Pacific has an obligation to operate commuter service in Chicago. In December 2019, we asked a federal court in Chicago to determine a common understanding of the law because we believed the court was in the best position to resolve the parties’ disagreement. The case has progressed in the court and could be ready for a decision as early as later this year. We disagree with Metra’s effort to move the dispute to the Surface Transportation Board now.



Ultimately, we desire a mutually beneficial service agreement with Metra, allowing Metra to do what it does best – provide commuter rail service—and Union Pacific to deliver the goods Americans use every day. As the nation begins to recover from the COVID-19 pandemic, every aspect of life is being re-examined. We are confident that the changes we are making can enhance future operations for both Union Pacific and Metra. Union Pacific believes Metra has the potential to realize economic efficiencies and other qualitative benefits through operating synergies and taking advantage of economies of scale that benefit Illinois taxpayers, while providing uniform service across the region.”



Amtrak Five Year Equipment Asset Line Plan Base (FY 2019) + Five Year Strategic Plan (FY 2020–2024) Byron Comati, Vice President Corporate Planning & Strategy

Saturday, July 11, 2020, 03:15:00 PM CDT from John Goodman -Excerpts

Executive Summary

Amtrak’s Equipment Asset Line includes the railroad’s fleet of passenger locomotives, railcars and trainsets. The equipment is used to carry customers on the railroad’s three intercity rail passenger service lines: the Northeast Corridor, State Supported and Long Distance. Amtrak operates a fleet of predominantly custom-built equipment, a significant portion of which is at or nearing the end of its useful service life. As of late 2018, the active fleet includes some 262 road diesel locomotives, 66 electric locomotives, 1,408 passenger cars and 20 high-speed trainsets. Additionally, Amtrak and various state partners own fleets of seven Talgo trainsets and 49 Alstom Surfliner railcars, with Amtrak owning 29 Talgo car equivalents and 39 Surfliner cars. Amtrak also operates 196 locomotives and railcars owned wholly by state partners. With the railcar fleet averaging nearly 33 years of age, diesel locomotives averaging nearly 21 years of age, and a long lead-time to procure any replacement units, Amtrak is focused on the continued modernization of its passenger car, locomotive and trainset fleets. Railcars in North American mainline passenger service typically have a service life between 30 to 50 years. Road diesel locomotives typically have a shorter lifespan than railcars, as do high-speed trainsets. Where exceptions to such average lifespans exist, it is because equipment is rebuilt at considerable expense and/or the equipment accrues fewer annual miles than most Amtrak equipment

Strategy

Between now and the FY 2024 horizon of this Asset Line plan, Amtrak plans to build upon our recent refueling efforts to launch and/or complete nine major fleet initiatives to modernize Amtrak’s passenger car, trainset and locomotive fleets, which will largely feature replacement of most locomotives and railcars in Amtrak service today. The initiatives, described in detail in this plan, include: 1. Completion of the 130 Viewliner II long-distance single-level railcar order. 2. Completion of the Acela 21 order for 28 Avelia Liberty High-Speed trainsets to replace Amtrak’s Acela Express trainsets. 3. Acquisition of 75-175 diesel locomotives to replace the current P-40/P-42 fleet on long-distance routes and potentially some state corridors. 4. Replacement of Amfleet I railcars with an order or orders of trainsets, self-propelled multiple units, or individual railcars that may also include replacement of Talgo VI equipment and options for replacement for Amfleet II railcars. 5. Acquisition of dual power propulsion, either as an option to the diesel locomotive order or as part of an order for trainsets to replace Amfleet equipment, to eliminate time-consuming engine changes. 6. Development and execution of a Multilevel Railcar Replacement Plan for entry into service FY 2026– FY 2031. 7. Refresh Amfleet II, Superliner, Horizon and Viewliner I equipment; reconfigure equipment as necessary to reflect food service format changes and standardize Viewliner sleeper configurations. 8. Dispose of over 190 retired and irreparably damaged locomotives and railcars in storage. 9. Review all terminal and back shop facilities to determine changes that are necessary as a result of refueling and continued improvements in equipment maintenance practices.

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Continued from previous page: 9. Review all terminal and back shop facilities to determine changes that are necessary as a result of reflecting and continued improvements in equipment maintenance practices.

Funding

The cost of outstanding fleet acquisitions will be significant and could approach some \$3.5 billion through the FY 2024 horizon of this asset line plan. This figure includes both Amtrak's cost of acquisitions and the full anticipated costs allocable to state partners under the PRIIA 209 Methodology that governs Amtrak and state cost sharing on state-supported routes. It also includes some \$525.1 million in non-passenger fleet acquisition expenses, such as track inspection and maintenance equipment, for uses that fall within the purview of the Engineering Asset Line Plan. In addition, Amtrak must secure funding to pay for its upcoming orders of locomotive options, Amfleet I replacement equipment and single- and multi-level state supported and long distance fleet replacement. While the exact quantities and product types chosen for Amfleet I and multilevel re-fleetings are still under development, Amtrak believes that the replacement of existing Amfleet equipment alone could approach some \$1.4 billion through the FY 2024 horizon of this asset line plan. Amtrak expects that a significant portion, to be determined, of the cost of the Amfleet I replacement equipment will be reimbursed to Amtrak by its state partners. Beyond FY 2024, Amtrak estimates that an additional \$1.0–1.5 billion may be necessary to complete the replacement of Amfleet I equipment and any related diesel locomotive options necessary to support such procurements, with costs to be allocated between Amtrak and its state partners. The costs of work necessary to convert mechanical facilities to support trainsets; replace Amfleet II and Superliner fleet and to acquire additional equipment for service expansion have not yet been determined, but will be included in future Asset Line Plans. Amtrak will need to rely on its cash reserves and other grant, funding and financing sources to pay for its modernized fleet. Further details on funding will be forthcoming in subsequent Equipment Asset Line plans. Amtrak must also continue to perform necessary work on its existing fleet of locomotives and railcars until they are retired. To that end, Amtrak anticipates completing some 2,089 car and locomotive unit overhauls through the end of FY 2024, at an estimated cost of some \$1.380 billion; a large portion of which will be reimbursed by Amtrak state partners under the PRIIA 209 Equipment Capital Use Charge.

AMTRAK'S ACTIVE FLEET OF OPERATED PASSENGER EQUIPMENT, FALL 2018 Active counts as shown October 2018 in Amtrak's Operations Maintenance System (OMS), unless otherwise noted) The following chart summarizes Amtrak's fleet types, ages and quantities; a full inventory of Amtrak's passenger fleet assets, including unit-level in-service status and ownership, as of Fall 2018 is attached to this plan as Appendix A.

Fleet Type	Ownership Status	Active Fleet	Ave. Yr. Built	Ave. Unit Age (Yrs)	Notes
AMTRAK-OWNED/LEASED LOCOMOTIVE FLEETS					
GE P42-8 (Diesel)	Amtrak-owned	191	1998	20	
EMD F59PHI (Diesel)	Amtrak-leased	21	1998	20	Leases expiring late CY2018, being returned to lessors
Former F40PH Diesel	Amtrak-owned	1	1977	41	One unit retains HEP Generator and is used as an NPCU
GE P32-8 Diesel	Amtrak-owned	18	1991	27	
P32ACDM Dual Mode	Amtrak-owned	18	1996	22	
GE P40-8 Diesel	Amtrak-owned	13	1993	25	
Siemens ACS-64 (Electric)	Amtrak-owned	66	2014	4	
AEM-7 (Electric)	In process of retirement	2	1981	37	All units have been retired from service, but 2 units still not yet coded as inactive in OMS
HHP-8 (Electric)	Amtrak-leased	15	2000	18	15 units placed in reserve status through end of leases
AMTRAK-OWNED/LEASED RAILCAR FLEETS					
Heritage	Amtrak	29	1954	64	
Amfleet I	Amtrak	458	1976	42	
Amfleet II	Amtrak	139	1982	36	
Ex-Metroliner	Amtrak	16	1967	51	
Horizon	Amtrak	93	1989	29	
Superliner I	Mix of Owned and Leased	244	1980	38	
Superliner II	Amtrak	184	1995	23	
Viewliner I	Amtrak	49	1996	22	
Viewliner II	Amtrak	97	2015	3	
NPCU (former F40PH)	Amtrak	19	1977	41	F40PH locomotives built 1977 and rebuilt into NPCUs
Auto Carrier	Amtrak	80	2005	13	
TRAINSET FLEET OWNED/LEASED BY AMTRAK					
Acela Express	19 sets leased, 1 owned	161	1999	19	
STATE-OWNED FLEETS OPERATED BY AMTRAK					
California Cars	California	92	1996	22	Most cars are California I built 1996, also includes Comets (1968) and California II (2002)
Oregon NPCU Units	Oregon	2	1977	41	Subfleet of Amtrak NPCU fleet with an average build date as F40PHs in 1977
NCDOT Railcar	NCDOT	21	1961	57	In-service units per roster data provided by NCDOT dated June 2018
NCDOT F59/F59PHI	NCDOT	8	1991	27	In-service units per roster data provided by NCDOT dated June 2018
F59PHI / P32-8 (Caltrans)	California	16	1996	22	
Siemens SC-44 Charger	WSDOT, IDOT, California	57	2017	1	Near-complete order of 63 units, of which 8 are owned by WA, 20 CA, rest IDOT
TRAINSET AND RAILCAR FLEETS WITH OWNERSHIP SPLIT BETWEEN AMTRAK AND STATE PARTNERS AT THE UNIT LEVEL					
Surfliner	Amtrak, California	49	2000	18	Amtrak owns 39 units, California 10 units
Talgo	Amtrak, WSDOT, ODOT	94	2004	14	Amtrak owns 29 units, ODOT 26 units, WSDOT 39 units
TOTAL AMTRAK-OPERATED UNITS					
Amtrak-owned railcar fleets:	1,408	Avg. age:	27.2 Years		
Amtrak-owned trainset fleets:	161	Avg. age:	19.0 Years		
Amtrak-owned/leased diesel locomotive fleets:	262	Avg. age:	20.9 Years		
Amtrak owned/leased electric locomotive fleets:	83	Avg. age:	7.3 Years		
State or split-ownership fleets:	339	Avg. age:	18.1 Years		

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Project Milestones

Many of the nine key initiatives proposed in Amtrak's Equipment Asset Line plan are already underway. Current milestones and recent accomplishments from the initiatives in this plan include: • Amtrak has received most of the 130 Viewliner II railcars on order. • Amtrak has successfully placed the order for 28 Avelia Liberty high-speed trainsets to replace Acela Express, and is currently working with manufacturer Alstom on details related to the interiors and fittings of the new equipment. • Amtrak has awarded a contract to Siemens for a base order of 75 new Charger locomotives, with options for up to 100 additional units. • Amtrak has executed a Request for Information (RFI) for new Amfleet I replacement equipment in 2018. The subsequent Request for Proposals (RFP), developed with input from our state partners, was issued on January 18, 2019. • Refresh of equipment has been completed for Amfleet I coaches and business class cars and is almost complete on Acela Express trainsets. Amtrak intends to commence refresh of additional fleets, such as Amfleet II long-distance coaches and Horizon cars, within the next year. Amtrak Product Development & Customer Experience group is currently examining refresh options for the railroad's Superliner fleet. • Amtrak has already begun its process of disposing equipment the railroad no longer needs, with over 100 pieces of equipment placed up for sale since the fall of 2018. Amtrak's fleet plan going forward is an ambitious one, which requires the execution of several major modernization programs in relatively quick succession. However, the reward of such a program will be worth the challenges. By the end of FY 2024, nearly all Amtrak passengers in the Northeastern United States, whether on conventional or on high-speed equipment, will be on board trains which have either been re-fleeted or are in the process of re-fleeted. Nearly all Amtrak passengers traveling regionally within the Midwest, as well as most passengers on the San Joaquin corridor in California will be on board new state-owned equipment. Amtrak longdistance train passengers will ride trains hauled by new state-of-the-art diesel locomotives; many will also use new Viewliner II sleeping or food service cars. All passengers on remaining Amtrak-owned or Amtrak-leased equipment will ride in refreshed accommodations. Amtrak will be well underway in reaping the efficiencies and benefits of a greater use of Technical Services & Spares Supply Agreements (TSSSAs) and Life Cycle Preventive Maintenance (LCPM) for maintenance, and will be in the process of re-configuring facilities for a next generation of newer, more efficient equipment. More regional corridors will make use of the greater turnaround efficiencies which come from the use of double-ended consists, while Northeast Regional and most state corridors which feed it will reap the benefits of faster, seamless travel thanks to dual power equipment and the elimination of engine changes.

Full .pdf Document at <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/businessplanning/Amtrak-Equipment-Asset-Line-Plan-FY20-24.pdf>



**CANADIAN
PACIFIC
RAILWAY**

CP 2Q20 Results: "Resiliency" in "Some of the Most Challenging Conditions"

Written by Andrew Corselli, Managing Editor Railway Age July 22 2020



The CP family of railroaders has achieved these results during some of the most challenging conditions the world has experienced in recent memory," said Keith Creel, CP President and CEO.

Canadian Pacific (CP) announced second-quarter 2020 financial and operating results, which saw net profit fall 12% and revenue decrease 9% amid "immense challenges" created by the COVID-19 pandemic. Yet, CP recorded revenues of C\$1.79 billion (US\$1.3 billion) and a 2Q-record operating ratio of 57% in 2Q20.

CP's net income was C\$635 million (US\$473 million) in 2Q20—a diluted earnings per share (EPS) of C\$4.66 (US\$3.48)—whereas it was C\$724 million (US\$540 million) with a C\$5.17 (US\$3.86) EPS in 2Q19.

Other CP 2Q20 figures:

Revenues decreased by 9% to C\$1.79 billion (US\$1.3 billion) from C\$1.98 billion (US\$1.4 billion) last year.

Reported EPS of C\$4.66 (US\$3.48), a 10% decrease from C\$5.17 (US\$3.86) last year, and adjusted diluted EPS of C\$4.07 (US\$3.03), a 5% decrease from C\$4.30 (US\$3.20) last year.

Operating ratio was a 2Q record 57%, a 140 basis point improvement over last year's 2Q operating ratio of 58.4%.

[More info can be found at CP's financial page.](#)

"The CP family of railroaders has achieved these results during some of the most challenging conditions the world has experienced in recent memory," said Keith Creel, CP President and CEO. "Our second-quarter results showcase the resiliency of our people and of the precision scheduled railroading (PSR) operating model. The COVID-19 pandemic has created immense challenges, but CP has risen to the occasion, adapted and responded to the benefit of our customers, communities and shareholders. The pride I feel each day coming to work with this team has never been stronger.

"While economic uncertainty remains, we're controlling what we can control—our costs. Our strong bulk franchise, which included [record movements for Canadian grain](#) and potash in the first half of the year, helped to offset some of the declines we experienced in other lines of business. Given our strong cost control measures, industry-leading execution of the PSR model, and improved clarity on the volume environment, we now expect positive adjusted diluted EPS growth for the year. As a result of the continued strength of our balance sheet, we have also restarted our share repurchase program."

Jason Seidl

THE COWEN INSIGHT: “2Q WAS EVERYTHING INVESTORS WANTED & MORE”

“CP posted a 2Q-record OR, beating Cowen and the street top through bottom,” said Cowen and Company analysts Jason Seidl (Managing Director and *Railway Age* Wall Street Contributing Editor), Matt Elkott and Adam Kramer. “With new auto business coming online and new opportunities in the East with the purchase of the CMQ, management appears as bullish as they’ve ever been on the volume outlook for the next two years. We raise our price target to \$299 and reiterate Outperform.”

“CP’s posted 2Q19 EPS of C\$4.07 only 5% lower year over year and well above our and consensus estimates of \$C3.63 and C\$3.79, respectively. Operating income decreased 6% y/y to C\$770MM, also ahead of our and Street forecasts of C\$703MM and C\$689MM, respectively. The operating ratio (OR) was 57.0%, a 2Q record, ~140bps better than last year, and ~360bps and ~270bps better than our and consensus estimates, respectively.

“Revenue fell 9% y/y to C\$1.79 bn, above our and Street expectations of C\$1.78 bn and C\$1.71 bn, respectively. Relative to street estimates, revenues for CP’s Potash, Forest Products, Energy Chemicals & Plastics, and Automotive units beat. Grain, Coal, Fertilizer & Sulphur, Metals Minerals & Consumer Products, and Intermodal revenues missed. Pricing commentary continued to sound positive with mgmt expecting to push for pricing acceleration into the second half of the year; expectations for a pickup in truck pricing will likely aid their pricing efforts.

“Full-year volume guidance of down mid-single digits was reiterated, while CP now expects their adjusted diluted EPS to grow in 2020 vs. 2019, compared to prior guidance of roughly flat y/y. CP only has minimal crude by rail baked into their volume guidance but from a revenue standpoint, they will continue to get liquidated damages into 2021.

“With new business opportunities and the purchase of the Central Maine & Quebec (CMQ) rail line, we believe CP is well-positioned for volume growth in 2H20 and in the long-term. While auto carloads have recovered quickly industry-wide, CP did caution that the recovery may not necessarily continue at this frantic pace in the coming quarters. However, CP does have the benefit of adding Globus and FCA to their auto franchise.

“CP completed the purchase of the full Central Maine & Quebec rail line last month. This line will give the Class I access to the Port of Saint John and a second port in Searsport, Maine. CP believes the CMQ could generate well north of USD \$100MM in revenue by the end of 2022 with CP margins. We believe that the CMQ could be an avenue for CP to capitalize on our expectation for an increase in near-shoring and near-sourcing in the coming years. Mgmt hinted at new vessel sailings and a potential automotive business for that location in the future.”



Year In Review: July 1, 2019 - June 30, 2020 -July 21 2020

Exhibits

- Two exhibits taken to the Roanoke Regional Airport: 1) Jim Fulghram’s 1941 Packard; and 2) the model GP9 locomotive donated to the museum by Chuck Wehrmeister
- Volvo donated the Volvo tractor, Ride to Freedom, which participated in the Roanoke City Veterans’ Day Parade, followed by a dedication ceremony at the VMT.
- The museum received a 1927 Model T Roadster as an unconditional gift.
- The VMT was the first organization to have the bookmobile automobile/exhibit from the National AACA in Pennsylvania. This exhibit is worth around \$215,000.
- The Ya 2156 was returned to the National Transportation Museum in St. Louis, MO. We had a five-year lease with the National Museum that ended in 2020.
- Will Harris moved the Glen Echo Trolley Car from the VMT’s rail yard to the National Capital Trolley Museum in Coleville, MD. This opens up room in the new plaza area of the rail yard for the flat car, which will serve as a stage.

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J Class #611

611 spent the winter at the NC Transportation Museum in Spencer, NC. Due to COVID-19 and both museums being closed, 611's stay was lengthened. Prior to returning to Roanoke, some maintenance work is needed. NCTM offers an indoor area for this work to be done. No date has been set for the return to Roanoke at this time.

611 ran for four weekends at Strasburg Railroad in Strasburg, PA. The majority of events sold out.

Projects

- Staff restroom was renovated.
 - Ellett Station was moved due to its collapse.
 - Work progresses on the new plaza in the rail yard to create a dynamic event venue for the museum. The work for this new space is being paid for in large part by the Auto Gallery.
- Flowerbed watering system using rainwater was installed in the front beds by the Roanoke Garden Club. (June 2020)



Appropriations Bill Would Require Amtrak to Maintain Service to Get Funds

Trains News Wire Digest second section for July 9, 2020

Appropriations bill would block Amtrak service reductions

Amtrak and public transportation would receive at least \$26 billion in emergency aid under the fiscal 2021 Transportation, Housing and Urban Development funding bill proposed by the House Appropriations Committee — but the money for Amtrak would be tied to a requirement that the passenger railroad cannot discontinue or reduce frequencies on any of its routes. In a press release, Jim Mathews, CEO of the Rail Passengers Association, said the bill shows “Congress is really listening to Americans and recognizing the critical role passenger rail and public transit have always played in economic resilience.” The bill would allocate \$2.05 billion for Amtrak as part of its core appropriation, maintaining the \$1.3 billion for long-distance trains, while the emergency provisions would include \$5 billion for the Northeast Corridor and \$3 billion for the national network. The complete text of the bill is available [here](#).

Alstom Would Sell Factory, Make Other Concessions to get Approval for Bombardier Deal

Alstom has offered to sell a factory in France and make other concessions as part of its effort to win approval from European regulators for its proposed merger with Bombardier. Reuters reports other moves would include selling its Coradia Polyvalent — a dual-mode or electric version of a multiple-unit trainset popular throughout Europe — and a Bombardier commuter rail operation and related plant in Germany. The European Union is due to decide on July 16 whether the proposed 6.2 billion Euro (\$7 billion) deal, which would create the world's second largest rail equipment supplier in an effort to compete with China's CRRC, requires further scrutiny.

Wainscott joins CSX Board of Directors

James L. Wainscott, retired CEO of AK Steel Holding Corp., has been appointed to the CSX Corp. board of directors. “I am pleased to welcome Jim to the CSX board of directors and look forward to benefiting from his insight and experience having led one of the nation's premier steel producers,” John J. Zillmer, chairman of the board, said in a press release. “Jim's deep knowledge of key industrial markets and his proven leadership will be assets to CSX as we work to strengthen our position as North America's best-run railroad.” Wainscott retired as CEO of AK Steel in 2015 and as its board chairman in 2016.

Colorado Railroad Museum to Debut Restored RGS No. 20 on Aug. 1

Trains News Wire Digest second section for July 2, 2020



Colorado Railroad Museum sets debut for Rio Grande Southern No. 20

Rio Grande Southern No. 20 will make its public debut at the Colorado Railroad Museum in Golden, Colo., on Aug. 1, marking the conclusion of a 14-year, \$1.5 million restoration for the narrow gauge 4-6-0 built in 1899. Built for the Florence & Cripple Creek, it was bought by the Rio Grande Southern after the F&CC ceased operations in 1915, and operated until the 1950s. First placed on display in Alamosa, Colo., it came to Golden when the Colorado Railroad Museum was established in 1959. Its restoration to operating condition began in 2006, and included 12 years undergoing work in Strasburg, Pa., before the disassembled locomotive was returned to Golden last year, where the restoration is being completed. The locomotive's debut will be marked with a brief ceremony at 10 a.m., after which it will power rides around the museum grounds until 3 p.m. For more information on the locomotive and museum, visit [the museum website](#)

June 16 in Railroad History: Milwaukee Road Electrification

From: Joseph Lechner Tue, 16 Jun 2020 -provided by Rick Krenske



Soon after Milwaukee Road completed its Pacific Extension in 1909, the railroad's operating department discovered that steam locomotives do not operate efficiently in bitter-cold weather. Winter temperatures often dropped to 40 degrees below zero in the Rocky Mountains (*fun fact*: -40° is the same temperature on both the Celsius scale and the Fahrenheit scale).

Electric traction made sense because mountain streams could be dammed for hydroelectric power, and because the Milwaukee's route passed by the world's largest copper producer at Butte, Montana. Milwaukee Road electrified 438 miles between Avery, Idaho and Harlowton, Montana in 1914-1916. Locomotives used 3,000 volts DC from overhead wires. The first electrically-powered train ran from Three Forks to Deer Lodge MT on November 30, 1915. Milwaukee Road subsequently electrified its Coast Division (207 miles from Othello to Tacoma WA) in 1919-1920. Those two sections, 645 miles altogether, remained the world's largest mainline railway electrification until Pennsylvania Railroad exceeded them in the mid-1930s.

Milwaukee's massive Bi-Polars (built in 1918) inspired many a tinplate model by Lionel, IVES and American Flyer in both O gauge and wide gauge.

Milwaukee Road declared bankruptcy in 1925. It never generated enough traffic to pay for its Pacific Extension and electrification, which cost more than four times the original estimate. The company was reorganized as the *Milwaukee, St. Paul and Pacific Railroad* in 1928, only to be hobbled by the Great Depression a year later.

Most U.S. railroads faced tough times in the late 1950s-1960s due to competition from airlines and the trucking industry. Things got even worse for Milwaukee Road when the 1970 Burlington Northern merger created a stronger rail competitor. Switching from diesels to electric locomotives and back again cost time and money, and the electric fleet was wearing out, so in mid-June 1974 management pulled the plug on its electric operations.

Only diesels roamed the Milwaukee Road on this date in 1974. Joseph Lechner



C&NW
ALCO at
SPUD 1971
—Greg
Smith Coll



DM&E Business Train Minnesota
City MN Oct 2010 —Ted Hazelton



Minnesota Northern Warrod Turn
Aug 10 2019 -Samuel Trinciante

Railfan Events (Thanks to Rick Krenske, Bill Dredge)

Twin City Model Railroad Museum Hobby Show and Sale	Saturday Sept 19 2020 9am—3pm	MN State Fairgrounds – Education Building 1265 Snelling Ave N Falcon Heights, MN 55108	\$6
Newport Model Railroad Club Flea Market and Show	Saturday Oct 17 2020 9am-2pm	Woodbury High School 2665 Woodlane Drive Woodbury MN	\$6
Granite City Train Show	Saturday Nov 14 2020 9am-3pm	River's Edge Convention Center 10 4th Avenue South Saint Cloud, Minnesota 56301	\$6

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