

RAIL LINES

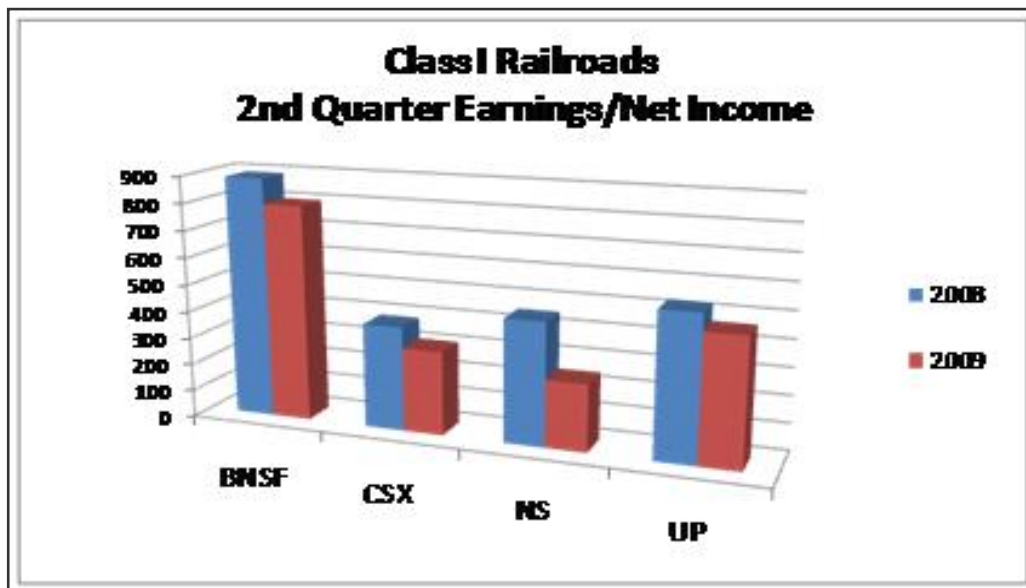
A NEWSLETTER FROM THE NORTH CAROLINA RAILROAD COMPANY

AUGUST - SEPTEMBER 2009 ~ News of the Railroad industry

SPECIAL EDITION ***Railroads and the U.S. Economy***

Railroads are often viewed as a leading indicator for economic trends in the United States. During the current recession the decrease in railroad revenue and carloads have projected the weakened economy. Decreased shipping reflects the lack of consumer demand. Economists will continue to look toward railroads for signs of recovery.

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The four U.S. Class I railroads recently released their 2nd quarter earnings for 2009. CSX announced 2nd quarter earnings of \$308 million (or 78 cents a share) versus \$385 million (or 93 cents a share) in 2008. Norfolk Southern reported a 2nd quarter net income of \$247 million (or 66 cents a share) compared to \$453 million (or \$1.18 a share) from last year. Union Pacific reported quarterly earnings of \$468 million (or 92 cents a share) compared to \$531 million (or \$1.02 a share) in the 2nd quarter of 2008. Burlington Northern Santa Fe had 2009 2nd quarter earnings of \$797 million (or \$1.18 a share). (BNSF 2008 data shown in the chart (\$889 million) excludes special

non-recurring charges.)

In the News . . .

Slow economy reflected in rail traffic

The Association of American Railroads (AAR) recently reported that rail traffic continues to remain down compared to 2008. For the first seven months of 2009, U.S. railroads reported 7,337,655 carloads, down 19.1 percent from 2008. U.S. railroads reported 5,182,786 trailers or containers, down 17.2 percent and they estimated total volume at 780.4 billion ton-miles, down 18.2 percent from the first

seven months of 2008.

[*Progressive Railroading*, "AAR tallies weekly carload totals, releases online traffic trends report" 24 July 2009.](#)

Despite economy, transit ridership remains steady, but transit budgets struggle

Despite a recession, high unemployment, lower gas prices, and declining revenue, transit agencies in the U.S. reported 2.6 billion trips during the first three months of 2009, which is down only 1.2 percent from the record-setting high ridership of the same period in 2008. Light rail ridership increased 1.8 percent, but commuter rail ridership dropped 3 percent. Although ridership appears strong, 80 percent of transit agencies reported flat or decreasing funding. Therefore, nine out of ten systems are raising fares and/or cutting service. According to the American Public Transportation Association (APTA) the average revenue decline for U.S. transit agencies exceeds 20 percent. To learn more visit http://www.apta.com/media/releases/090615_ridership.cfm.

Amtrak ridership continues to slow

Amtrak ridership has continued to fall for the ninth straight month. Last November marked six straight years of increased ridership for Amtrak. Since then, however, the numbers have continued to drop. In July, overall ridership fell 8.4 percent, to 2.5 million, from the July 2008 numbers. Short-distance route riders declined 9.6 percent and long-distance ridership fell 4.9 percent. The Northeast Corridor ridership fell 6.5 percent, paced by a 12 percent decline in Acela travelers.

[*Railway Age*, "Recession keeps cutting into Amtrak ridership" 12 August 2009.](#)

CSX remains committed to capital investment program

CSX Transportation recently reported that it will maintain a strong capital investment program this year, despite losses in earnings. CEO Michael Ward announced the railroad's commitment to spending \$1.6 billion on capital improvements in 2009, which is just slightly lower than the \$1.7 billion spent last year. The projects are part of a three-year, \$5 billion spending program. These forward-looking improvements reflect the latest economic forecast that predicts a 90 percent increase in railroad traffic over the next 15 years.

[*Railway Age*, "CSX underlines commitment to spending plan" 9 June 2009.](#)

Operation Lifesaver is awarded \$1 million grant

Operation Lifesaver was recently awarded a \$1,015,000 grant from the Federal Railroad Administration (FRA). Operation Lifesaver is a nonprofit safety education organization working to eliminate casualties at railroad crossings and on rail rights of way. It has programs in every state and the District of Columbia. Last month Operation Lifesaver, along with the U.S. DOT, launched the Common Sense Campaign aimed at reducing the number of pedestrian trespassers killed and injured by trains. According to Operation Lifesaver, nationwide in 2008 there were 2,395 grade-crossing incidents, resulting in 287 deaths, and another 453 deaths from rail trespassing, slightly fewer than in 2007.

[*Occupational Health & Safety News*, "Operation Lifesaver Wins \\$1 Million Federal Grant" 9 August 2009.](#)

U.S. Senate proposes funds for CATS light rail extension

The U.S. Senate recently announced transportation appropriations legislation which included \$24 million for the next planning phase of the Charlotte Area Transit System (CATS) LYNX Blue Line extension. The extension would run from Ninth Street in Center City to Interstate 485. A portion of the extension will use the rail corridor of the existing North Carolina Railroad freight and passenger line. CATS has completed about 15 percent of the engineering and design work for the extension and has been approved by the Metropolitan Transit Commission to advance design to the 30 percent level.

[*Progressive Railroading*, "Senate proposes funds for Charlotte transit system's light -rail extension" 4 August 2009.](#)

FRA receives pre-applications for high speed rail funding

The Federal Railroad Administration (FRA) has received 278 pre-applications for the American Recovery and Reinvestment Act's High-Speed Intercity Passenger Rail competitive grant program. Forty states and the District of Columbia filed pre-applications, totaling \$102 billion. States in the Northeast submitted 79 pre-applications, totaling \$35 billion. The South/Southeast submitted 44 pre-applications with

total requested funds of \$16 billion. (North Carolina's request was about \$4 billion.) The Midwest submitted 47 pre-applications, totaling \$13 billion and the West region submitted 108 pre-applications, totaling \$38 billion. The final application deadline is August 24th for funding of individual projects and planning and October 2nd for corridor programs. The grant program has \$8 billion appropriated by the Obama Administration. The President has also proposed a continuing \$1 billion annual investment to develop intercity and high speed rail networks.

[Progressive Railroading, "FRA receives 278 pre-applications for high-speed rail grants" 17 July 2009.](#)

Working on the Railroad

Kristen Nunnally is the Marketing & Sales Manager for Norfolk Southern's Business Units (Eastern Carolina and Delmarva Peninsula). She joined Norfolk Southern in 2002 after receiving a Bachelor's degree in Marketing Education and a Master's degree in Business Administration from Virginia Tech. Kristen is the primary sales contact for customers along the routes of the Eastern Carolina and Delmarva Business Units. Kristen's frequent communication with transportation personnel, industrial development staff, and rail-served customers helps to develop strong relationships, increase business, and meet customers' growth potential. Each day she sees how the railroad touches so many of the goods and commodities that end up on the shelves of our local retail establishments--from the finished products to the raw materials that go into that product; from consumer goods to construction materials; from feed ingredients for our livestock to the fuel for our cars. She is still amazed that so much of our daily existence depends on rail. As she says, "it truly is the backbone of our economy."

[Photo: Kristen Nunnally on a Norfolk Southern inspection trip with Al Kowitz, Communications & Signal Supervisor for Norfolk Southern and Todd Tucker, formerly with Progress Energy, a Norfolk Southern customer.]



Did you know ...

North Carolina's Global TransPark will have new rail line extension from the NCRR



Construction by NCDOT of a 5.8 mile track at Global TransPark in Kinston, NC is expected to begin next year. The track will serve Spirit AeroSystems, which is building a 500,000 square-foot manufacturing plant. The track will connect to the North Carolina Railroad enabling Spirit to ship aircraft fuselage sections and wing parts to the Morehead City State Port via rail. The track is expected to be complete by January 2012 and will include a rail bridge and 10 grade crossings. In addition, the North Carolina Railroad Company is constructing a rail/truck loading ramp and a team track to serve Spirit beginning in 2010 until



the new track is complete. For more information visit www.ncgtp.com.

[newsletter.html](http://www.ncrr.com/ncrr-newsletter.html).

For a pdf version of the newsletter please visit [http://www.ncrr.com/ncrr-](http://www.ncrr.com/ncrr-newsletter.html)

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