Recap: Railroad Day on Capitol Hill 2015

Railroad Day on Capitol Hill was held in Washington, DC on June 4th. More than 400 of you participated from the freight rail industry, including many NRC member company employees, and you did 350 Hill meetings in the span of 8 hours!

We consider the day a huge success, and believe that our message was delivered effectively on the Hill. We pushed for an extension of the short line railroad tax credit, maintaining the balanced regulatory structure of freight rail, maintaining the existing large truck size and weight limits, and an extension of the PTC implementation deadline.

If you participated in the meetings and haven't filled out your feedback survey, please do so. If you don't have the survey, respond to this email with your feedback.

Joe Kneib of Herzog and NRC Board member Scott Goehri (HDR) with Acting FRA Administrator Sarah Feinberg at the Railroad Day on the Hill dinner.
Kenny Construction Company was established in 1927 and is now a wholly-owned subsidiary of Granite Construction Incorporated. Together, they are aiming to take advantage of strong demand in the railroad industry, expand into new geographic regions, and offer customers a broad range of expertise. Kenny is a national contractor with extensive experience building large and complex projects, committed to their clients and to safety.

For more information contact Caroline Melton, 847-777-7535, caroline.Melton@gcinc.com.

Acting FRA Administrator Feinberg acknowledged that the FRA rulemaking process is not built for speed and that the process needs to improve so that FRA can act more urgently when needed. She is personally committed to improving communications internally at FRA and with stakeholders. In that spirit, she wants to hold more frequent RSAC meetings.

Chief Safety Officer Bob Lauby mentioned the 3 major items keeping him up at night currently include: 1) CBR and the movement of ethanol, 2) Grade crossing safety, and 3) PTC. He also discussed recent accidents, including the CSX derailment in Mount Carbon, West VA and BNSF derailment in Galena, IL. In both of these incidents, the trains were equipped with the newer 1232 tank cars and occurred at low speeds (~33 MPH), both of which are very concerning to FRA. Also, in light of the Amtrak accident, FRA is discussing ways that both the train crew size and inward facing camera rules may help to prevent future accidents of a similar nature.
CBR and Tank Car Rule: A final rule was released by the USDOT/FRA/PHMSA on May 1, 2015, which addressed:

- New standards for oil tank cars and phase out schedule of existing DOT-111 tank cars
- Electronically controlled pneumatic (ECP) braking requirements
- Speed restrictions, routing, and information sharing requirements for key trains

**NRC note:** The AAR and ASLRRRA both offered extensive comments opposing and supporting various provisions of the rule. The railroads’ position is that the tank car and speed restriction portions of the rule are generally reasonable, with some slight changes needed, but that the ECP braking requirements are not likely to improve safety and are exorbitantly expensive, thus diverting resources from more productive uses. The form of their opposition is to be determined.

Grade Crossing Safety: There were 250 grade crossing fatalities in 2014 and 7 fatalities that have occurred recently in a little over a month period. FRA made a presentation on ideas currently being contemplated to help reduce injuries and fatalities at grade crossings.

PTC: FRA’s PTC staff is currently drafting a report to Congress for what to expect after the December 31, 2015 deadline as well as an enforcement strategy. FRA statutorily cannot provide a delay to the implementation deadline, but they do have tools like emergency orders, speed restrictions, civil penalties, etc. FRA will determine appropriate measures to help “advance compliance and not to punish” railroads that have made a good faith effort to comply with the law. Although it is still preliminary, it is very likely that the recent Amtrak Philadelphia accident would have been PTC-preventable since the train was traveling at too high of a speed around a curve.

Upcoming Regulatory Activity: See attached for more details, but forthcoming rules with significance to NRC members include:

1. RWP Miscellaneous Revisions Final Rule - Spring 2015 (“any day now”)
2. Drug & Alcohol Testing for MOW Employees Final Rule - Late Summer 2015
3. Train Crew Size NPRM - Spring/Summer 2015 (under review at OMB)
If you would like to submit an event for posting on the Industry Calendar, please email info@nrcma.org.

NRC Legislative and Regulatory Update from NRC President Chuck Baker

**Passenger Rail/Amtrak Reauthorization:** The passenger rail/Amtrak reauthorization bill ([https://www.congress.gov/bill/114th-congress/house-bill/749](https://www.congress.gov/bill/114th-congress/house-bill/749)) that passed out of the U.S. House of Representatives on March 4 still awaits action in the Senate. Senate action is expected as soon as late June. We are expecting that the Senate bill will contain some additional positive provisions beyond what was included in the House version, including more funding for Amtrak, more funding for States to invest in intercity passenger rail projects, RRIF loan program improvements, project expediting/permitting improvements, and some additional safety measures. Whether the bill moves as stand-alone legislation or is combined with other legislation is still TBD. The NRC will continue to work to further improve the bill before passage into law.

**Environmental Permitting:** Senator Roy Blunt (R-MO) and Sen. Manchin (D-WV) introduced S.769, the Track, Railroad, and Infrastructure Network (TRAIN) Act ([https://www.congress.gov/bill/114th-congress/senate-bill/769](https://www.congress.gov/bill/114th-congress/senate-bill/769)) on March 18, which would streamline the environmental permitting for freight and passenger rail projects. The bill would ensure that historic preservation protections do not apply to active rail line, and also provide more efficient project development procedures for rail projects that require federal approval, similar to the process created for highway and transit projects in MAP-21. The NRC supports this commonsense legislation, portions of which may be included in the Senate version of the passenger rail authorization legislation discussed above.

**Positive Train Control:** The Senate Commerce Committee passed a bill on March 25 ([https://www.congress.gov/bill/114th-congress/senate-bill/650](https://www.congress.gov/bill/114th-congress/senate-bill/650)) that would delay the PTC implementation deadline from 2015 until 2020, with 2 additional 1 year extensions available on a case-by-case basis. A smaller group of mostly CA and NY Senators introduced a competing bill on April 16 ([https://www.congress.gov/bill/114th-congress/senate-bill/1006](https://www.congress.gov/bill/114th-congress/senate-bill/1006)) that would only offer 3 possible 1 year extensions on a case-by-case basis. Negotiations to settle on a compromise between those positions are underway. As the Amtrak accident appears to have likely been a PTC-preventable accident, the political calculus behind supporting a delay has changed, although the reality that a delay is needed has not changed, and December 31, 2015 creeps ever closer.
Fiscal Year 2016 Transportation Appropriations:
The House has now passed its FY16 transportation appropriations bill by a closer than expected vote of 216-210. Not surprisingly given the tight overall budget for domestic discretionary investments and allocation given to the transportation sub-committee, the funding for the accounts that the NRC is most interested in is insufficient, in our opinion:

<table>
<thead>
<tr>
<th></th>
<th>FY14 Actual</th>
<th>FY16 Proposal</th>
<th>Administration FY16 Proposal</th>
<th>House FY16 Proposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIGER</td>
<td>$600M</td>
<td>$1,250M</td>
<td></td>
<td>$100M</td>
</tr>
<tr>
<td>FRA including Amtrak</td>
<td>$1,603M</td>
<td>$2,693M</td>
<td></td>
<td>$1,364M</td>
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<tr>
<td>High Performance</td>
<td>$0</td>
<td>$2,325M</td>
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<tr>
<td>Passenger Rail</td>
<td></td>
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<tr>
<td>FRA Grade Crossing/Track Improvement for Energy Lines Section 130</td>
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<tr>
<td>Section 130 grade crossing set-aside within highway contract authority</td>
<td>$220M</td>
<td>$220M</td>
<td>$220M</td>
<td>$350M</td>
</tr>
<tr>
<td>FTA New Starts</td>
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<td>$3,250M</td>
<td></td>
<td>$1,921M</td>
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<tr>
<td>FTA Formula Funds</td>
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<td>$13,914M</td>
<td></td>
<td>$8,595M</td>
</tr>
</tbody>
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The NRC, along with many other groups, will look to work with Congress to increase the funding for these accounts before enactment into law later this year. The best hope likely lies in a "grand bargain" that Congress would need to strike, which would result in increasing the budget caps for both defense and domestic discretionary investments,
with the possibility of reduced entitlement spending as an offset. Senate action is expected later in June, and their allocation is only approximately $350m north of the House allocation, so overall numbers for the rail infrastructure accounts are not expected to be dramatically higher.

**Truck Size and Weights:** After a highly visible and public debate in 2012, MAP-21 did not change TSW limits but instead included a two year study of the issue. The initial study results have concluded that current laws and regulations should remain unchanged. In the meantime however, advocates of larger and heavier trucks continue to push to make piecemeal changes in State laws, and also to make changes to Federal law through the appropriations process. The NRC will continue to oppose these changes, with the opposition being led by safety groups. The House appropriations bill discussed above does include multiple provisions allowing and even mandating certain types of bigger trucks. The NRC is opposed to these changes and has written to the Appropriations Committee. Similar provisions are feared in the upcoming Senate bill.

**PHMSA/FRA Crude by Rail Rulemaking:** A final rule was released by the USDOT on May 1, 2015, which addressed

- New standards for oil tank cars and phase out schedule of existing DOT-111 tank cars
- Electronically controlled pneumatic (ECP) braking requirements
- Speed restrictions, routing, and information sharing requirements for key trains

The AAR and ASLRRA both offered extensive comments opposing and supporting various provisions of the rule. The railroads’ position is that the tank car and speed restriction portions of the rule are generally reasonable, with some slight changes needed, but that the ECP braking requirements are not likely to improve safety and are exorbitantly expensive, thus diverting resources from more productive uses. The form of their opposition, either administrative or judicial, is to be determined.

**Surface Transportation Board/Regulation:** The Senate Commerce Committee also passed a freight rail economic regulation bill on March 25 ([https://www.congress.gov/bill/114th-congress/senate-bill/808](https://www.congress.gov/bill/114th-congress/senate-bill/808)), which would re-authorize the Surface Transportation Board and make some changes to the economic regulation of freight railroads. While the NRC generally believes that the current balanced regulatory system is working well, and thus is not actively supporting this bill, we also
recognize that this bill falls short of a drastic re-regulation of the industry, and thus we are also not actively opposing the bill either. Further Senate and House action awaits. A House hearing on the issue, timed with the 35th anniversary of the Staggers Act, took place May 13 and largely enforced the NRC position that the current system isn't broken, and thus doesn't need to be fixed, while at the same time acknowledging that there is marginal room for improvements in STB processes.

**Surface Transportation (MAP-21) Re-Authorization:** The current legislation, which funds the Highway Trust Fund and the Mass Transit Account (essentially all federal funding for rail transit other than New Starts), was set to expire May 31, 2015, and has now been extended to July 31, 2015. Full re-authorization discussions are underway, but the key issues of funding source and funding levels are unresolved. At current rates, the HTF and MTA spend about $53b/year while only taking in $35b/year.

Beyond overall funding levels, specific provisions of interest to the NRC that will be considered include:

- Intercity passenger rail funding
- Multimodal freight project funding
- Flexibility for State DOTs to use non-gas tax funds for rail projects
- Expediting project delivery
- Maintaining dedicated funding for the Section 130 grade crossing program
- Funding a PNRS/TIGER program
- PTC funding and implementation issues
- Expanding TIFIA
- Infrastructure Bank/Infrastructure financing authority
- Maintaining current truck size and weight maximum laws

House and Senate action before July 31 awaits. Any extension beyond July 31 will require new money.

The NRC favors getting a new long term bill done by July 31, but many people expect that another extension, through the calendar year, will be necessary. Regardless, the question still looms of how to fund this program on a long-term basis. The Senate EPW Committee is expected to mark up a portion of new legislation on June 24.

**Short Line Tax Credit:** Legislation to extend the short line railroad tax credit bill continues to gain co-sponsors. H.R.721
now has co-sponsors and S.637 has 19 co-sponsors. Action likely won't be until much later this year, and timing will depend on the status of efforts on broader economy-wide tax reform.

**Rail-Term "Rail Carrier" Case:** As a reminder, the STB recently re-affirmed its decision in the Rail-Term case that Rail-Term is indeed a rail carrier. Rail-Term is appealing the case in Federal court, and the NRC is still considering in what way to participate in the appeal.

**Local Hiring:** As a reminder, the USDOT issued this release regarding allowing for local hiring preferences in competitive contracting:


The NRC, along with other major contracting organizations, opposes this rule, and has commented to the USDOT. Our concerns are that this would decrease the ability of NRC member contractors to use your own trained and experienced personnel, would raise hiring costs, would raise employee turnover, and would risk safety.

**RFP: Sterling Lumber (Phoenix, IL) Rail Spur Project New Spur Track Construction**

**Issue Date:** June 3, 2015

**Location:** Sterling Lumber Company (501 E. 151 Street Phoenix, Illinois 60426)

**Description:** Installation of approximately 4,568 feet of new spur track connecting to the CN RR. Work also includes clearing and grubbing, general grading, construction of new embankment, concrete retaining wall, site drainage, and construction of environmental remediation measures for contaminated soils.

**Bids Received By:** Bids will be received for the Sterling Lumber New
Spur Track Construction Project until 1 p.m. (local time) on Tuesday, July 7, 2015, and be publicly opened and read aloud.

**More Information:** BIDS must be hand delivered or mailed. No faxed bids will be accepted. BIDS must be delivered to: Carter Sterling Sterling Lumber 501 East 151st Street Phoenix, IL 60426

To see the latest bid entries submitted to the NRC for rail construction work, please visit: [www.nrcma.org/bid_notifications](http://www.nrcma.org/bid_notifications).

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Vossloh & VR Track Form Two Joint Ventures

Vossloh and VR Track, a subsidiary of Finland's state-owned railway company VR Group, recently formed two joint ventures: one to operate a switch production business and another to operate a long-welded rail facility. Vossloh will have a 60 percent stake in each joint venture, according to a Vossloh press release. The switch business will be integrated into Vossloh's Customized Modules division; the welding facility will be part of the company’s Lifecycle Solutions division.

*Source: Vossloh, Progressive Railroading*

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Progressive Railroading Article Highlights NRC Members Knox Kershaw & Harsco Rail

NRC members Knox Kershaw Inc. and Harsco Rail were highlighted in a recent Progressive Railroading article. The article talked about how in recent winters, railroads have been combating significantly heavy snow and thick ice that cover their tracks, reduce train speeds and interfere with overall track maintenance. These two companies have an array of options to help keep trains moving during the winter. Knox Kershaw offers two machine models for snow removal: the KBR 860 Ballast
Regulator and the KSF 940 Snow Fighter. Meanwhile, Harsco Rail's Spreader Ditcher is a machine that targets these winter maintenance-of-way challenges.

To read the full Progressive Railroading article, please click here.

Source: Progressive Railroading

Railway Age Highlights NRC Members R&D Efforts to Provide Improved Ballast Maintenance Solutions

NRC members Brandt Rail Services, Ballast Tools Equipment, Georgetown Rail Equipment Company (GREX), Harsco Rail, Herzog Railroad Services, Progress Rail Services, Rail Construction Equipment Company (RCE), Plasser American, Knox Kershaw, Loram Maintenance of Way, and Nordco were highlighted in an article in Railway age. The article talked about each supplier's improved ballast maintenance solutions and how the suppliers are ramping up their efforts to deliver equipment that ensures ballast maintenance requires less time, but delivers maximum benefit.

To read the full Railway Age article, please click here.

Source: Railway Age

RT&S features NRC member supply companies HiRail Corporation, Polycorp Ltd., Omega Industries, Inc., Oldcastle Precast, and LT Resources, Inc. and Stella-Jones

NRC member companies HiRail Corporation, Polycorp Ltd., Omega Industries, Inc., Oldcastle Precast, and LT Resources, Inc. and Stella-Jones were featured in the June 2015 edition of RT&S. The article talks about how these grade-crossing surface suppliers continue to make safety a top priority. The article discusses how each company is focusing on custom manufacturing, as well as ease of installation and maintenance by offering the most innovative surfaces and materials to date.

To read the full RT&S article, please click here.
RT&S features NRC member companies Loram Maintenance of Way, Harsco Rail, RailWorks, Vossloh Rail Services, and Orgo-Thermit

NRC member companies Loram Maintenance of Way, Harsco Rail, RailWorks, Vossloh Rail Services, and Orgo-Thermit were featured in the June 2015 edition of RT&S in an article about advances in rail grinding.

To read the full RT&S article, please click here.

FRA issues RRIF loan to Arkansas & Missouri Railroad

The Federal Railroad Administration (FRA) issued a $6.8 million Railroad Rehabilitation and Improvement Financing (RRIF) loan to the Arkansas and Missouri Railroad (A&M). A&M will use the loan to refinance the purchase of three locomotives that improves the company’s operations, enhances safety, and reduces carbon emissions.

The locomotive purchase was designed to improve the railroad’s operations, enhance safety and reduce carbon emissions, according to an FRA press release. The railroad also received a RRIF loan of $11 million in 2003 to purchase and rehabilitate track. Since 2002, the FRA has issued 35 RRIF loans totaling about $2.7 billion.

Sources: FRA, Progressive Railroading
Union Pacific released investment plans for the following states:

- **Texas:** Union Pacific Railroad will spend $383 million to improve its infrastructure in Texas this year. The investment will include $289 million to maintain railroad track, $18 million to enhance signal systems and $75 million to maintain or replace bridges.
  - Among key projects are: $14 million to replace 27 miles of rail and repair the surfaces at 13 crossings on the rail line southwest of Dalhart; $11 million to replace 20 miles of rail and repair surfaces at six crossings on the rail line near Sierra Blanca; and $12 million to replace 81,077 ties, install 59,435 tons of ballast and repair surfaces at 114 crossings on the line between Waco and Hearne.

- **Arkansas:** Union Pacific will add another $98 million to improve infrastructure in Arkansas.
  - The investment covers $81 million to maintain track, $8 million to enhance signal systems and $8 million to maintain or replace bridges in the state. Additional key projects planned this year for Arkansas include $23 million for the rail line between Gould and the border with Louisiana to replace 44 miles of rail and repair the surfaces at 65 road crossings; $9.7 million for the rail line between Knoxville and Van Buren to replace 65,251 railroad ties, install 28,107 tons of ballast and repair the surfaces at 62 crossings and $7.1 million for the rail line between Hope and Texarkana to replace 50,383 ties, install 21,910 tons of ballast and repair 40 crossing surfaces.

- **Oklahoma:** Oklahoma’s Union Pacific property will see $27 million in work.
  - Oklahoma investment includes $23 million to maintain track, $634,000 to enhance signal systems and $3 million to maintain or replace bridges in the state.
  - Key projects UP plans to work on this year in Oklahoma include $13 million for the rail line between Big Cabin and Rentiesville to replace 84,820 ties, install 40,249 tons of ballast and repair the surfaces 89 road crossings and $3 million for the rail line between the Oklahoma/Kansas line and Wagoner to replace 23,939 ties, install 332 tons of ballast.
- **California**: Union Pacific plans to invest about $137 million in 2015 to improve its transportation infrastructure in California.
  - Union Pacific's planned investment covers a range of initiatives: nearly $117 million to maintain railroad track, $9 million to enhance signal systems and $11 million to maintain or replace bridges in the state.
  - Key projects planned this year include a $24-million investment in the rail line between Butte and Plumas counties to replace nearly 37 miles of rail; an $8-million investment in the rail line between East Mojave and Wash to replace 51,339 crossties, install 22,770 tons of ballast and repair the surfaces at 18 road crossings.

- **Louisiana**:
  - UP’s $72-million Louisiana investment includes $67 million to maintain railroad track, $1 million to enhance signal systems and $2 million to maintain or replace bridges in the state.
  - In addition to the maintenance work listed above, the railroad will advance key projects in the state, which include $11 million for the rail line between Columbia and Pollock to replace 22 miles of rail and repair the surfaces at 21 road crossings and $8 million in the rail line between Fordoche and Morrow to replace 22 miles of rail and repair the surfaces at 12 road crossings.

- **Illinois**: Union Pacific will strengthen Illinois’ transportation infrastructure by investing more than $119 million.
  - The planned investment covers a range of initiatives: nearly $105 million to maintain railroad track, $5 million to enhance signal systems and $9 million to maintain or replace bridges in the state.
  - The railroad will replace 71,800 crossties, install 30,000 tons of ballast, replace nearly 15 miles of rail and repair the surfaces at 43 grade crossings.

*Sources: UP, RT&S*

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**TRB Accepting Proposals For Innovative Rail Safety Ideas**

The Transportation Research Board (TRB) is accepting proposals for the Safety IDEA (Innovations Deserving Exploratory Analysis) Program, which supports the development and testing of innovative
concepts and methods for improving railroad safety or performance. Proposals are due Sept. 15, 2015.

Rail Safety IDEA proposals will be considered for "promising but unproven" innovations to advance railroad practice, TRB says. Such proposals can apply to any type of railroad, including high-speed rail, intercity passenger rail, or freight railroads.

Proposals are encouraged for innovations in a variety of areas in railroad systems—safety, security and environment; human factors; rolling stock and components; track and structures; track/train interaction; grade crossings; hazardous materials transportation; and train occupant protection.

IDEA proposals can be for up to $100,000 in IDEA funds. The Federal Railroad Administration is funding the program.

Instructions for preparing and submitting IDEA proposals are available on the IDEA website at: www.trb.org/idea.

Sources: TRB, Railway Age

Parsons Brinckheroff named Kathleen Herrmann principal technical specialist in Chicago. Herrmann will manage the drafting, review and interpretation of contracts, in addition to preparing grant requests for transportation infrastructure projects, primarily the Chicago-to-St. Louis High-Speed Rail Program. In the past, Herrmann has served as deputy general counsel at the Chicago Transit Authority, as well as a liaison with the Chicago Transit Board. Most recently, she worked at an engineering firm in Chicago, where she managed contracts for federal funding agreements for the Illinois High-Speed Rail Program.

Judith Andersen was appointed assistant vice president of Parsons Brinckerhoff’s Pittsburgh office. She has more than 31 years of engineering experience, including in marketing and business development, quality assurance, staff management and project management. Before joining Parsons Brinckherhoff, Andersen worked
Parsons Brinckerhoff named Joseph Pulicare chief operating officer of the firm’s U.S. transportation sector. His responsibilities include strategic plan development and implementation; new-client relationship development; oversight of market/pursuit intelligence gathering and resource deployment; and regional profit-and-loss analysis and management. Based in Philadelphia, Pulicare has more than 37 years of experience.

*Source: Parsons Brinckerhoff, Progressive Railroading*

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**Gannett Fleming Names Michael MacAllister Vice President**

Gannett Fleming named Michael MacAllister vice president. Based in Pittsburgh, he serves as manager of the company’s national construction management practice. With more than 33 years of industry and management experience, MacAllister provides technical direction, project management, and quality assurance services for more than 220 construction management and inspection staff nationwide.

*Source: Gannett Fleming, Progressive Railroading*