

DANVILLE FLYER

Inside this issue:

Rail Volume	1
Meeting Minutes	2
IDOT & Amtrak Service	3
About Us	3
EMD employment	4
METRA	4
NS Operates Long Train	5
C&EI Annual Meeting	5
PTC Update	6
KCS to Test PTC	6
Metrolink & PTC Issues	7
Urbana Train Show	7
Photo of the Month	8

March 20th – Monthly meeting will at Jocko’s Pizza on Williams Street in Danville— 1 PM to 3:30 PM. Program by Henry Schmitt

April 2/3 Urbana, IL Annual train show at Lincoln Square Village, 10-6 on Saturday, 11 to 4 on Sunday - Free

April 16 – Danville, IL Annual C&EI HS meeting at DACC – see page 5 for details.

April 9th—Operating Session at Rossville—moved from first Saturday due to the Urbana train show.

Rail Traffic Volume Continues to Fall

North American railroad volumes fell in the first five weeks of 2016 as railroads saw declines in nearly every category of freight, especially coal, metals, and petroleum. Union Pacific’s total carload-intermodal volumes were down 8.3 percent year to date through Feb. 6 — the largest decline of the Class I Railroads in North America. Its chief rival, BNSF Railway, seems to be fairing slightly better with a volume decline of 3.3 percent year-to-date. Kansas City Southern’s volumes were only down 1.6 percent, so far this year.

North American railroads have laid off thousands of employees and put locomotives and cars into storage in order to match resources with volumes. Total Class I employment has fallen to 160,795 employees in December 2015 from 168,997 in August 2015, according to the Association of American Railroads. Lance Fritz, chairman, president and chief executive officer of Union Pacific, recently told investors that 2016 has many headwinds facing the railroad industry.

“Overall economic conditions, uncertainty in the energy markets, commodity prices, and the strength of U.S. dollar will continue to have a major impact on our business this year,” Fritz said on the fourth quarter conference call with investors. “However, our velocity is at an all-time best for the current level of demand. The network is fluid, and we are driving towards further improvement. We are well positioned to efficiently serve customers in existing markets as they rebound.”

The Association of American Railroads noted, “The U.S. economy ended 2015 with a whimper, as [gross domestic product] rose just 0.7 percent (annualized) in Q4. Based on this estimate, GDP growth for all 2015 was 2.4 percent.”

Another factor affecting railroads is manufacturing, measured by the Institute for Supply Management Manufacturing Index, which has slipped back into negative territory. Economic activity in the manufacturing sector contracted in January 2016 for the fourth consecutive month, while the overall economy grew for the 80th consecutive month, said the nation’s supply management executives in the latest Manufacturing ISM Report On Business.

Patrick Ottensmeyer, president of Kansas City Southern, echoed these sentiments during the fourth quarter conference call with investors. He said, “I was at a rail industry conference last week and I thought when a railroad executive characterized the current landscape quite well when he said, and I am paraphrasing here, ‘We’re in an energy market depression, an industrial and manufacturing recession, but somehow the consumer is doing OK. We do know that the long-term outlook is strong.’” Both Union Pacific and Kansas City Southern see potential growth in Mexico, where automobile production is growing.

“Two new auto plants in Mexico will open in the second half of 2016, while at the same time, we will also begin to see the benefits from the plant expansions at the three of the auto

(Continued on page 2)

2016— February Meeting Minutes

The February 21st meeting was called to order at 1306 by President Cooke at the Hoopston Train show.

The minutes of the previous meeting were approved.

The treasurer's report was provided and approved. Expenses for the month were \$253.44 (including a \$200 electric bill) and income was \$245 in dues, concessions and donations.

The Urbana train show will be April 1-2, which will displace the monthly operating session. Popcorn will again be on the menu.

The May 15 meeting might be held at the Vermilion Valley building at the former Olin plant.

A spring trip was discussed. Going to Matteson was discussed as the top priority. There the viewing platform near the CN loop connections could be visited. If the trip was on Saturday, May 21, a ride on Metra would be taken to Homewood for the Homewood Rail Fest. Metra Saturday service is hourly.

The meeting adjourned at 1317. Focus returned to the train show.

Program for the March meeting at Jocko's Pizza will be presented by Henry Schmitt

facilities we serve in Mexico," said Dave Starling, Kansas City Southern CEO.

Coal volumes at CSX were down 35 percent year-to-date in 2016 as cheap natural gas is displacing it as the fuel of choice for electric utility companies.

"Domestic coal will continue to be unfavorably impacted by low natural gas prices and an inventory overhang due to mild weather," Frank Lonergo, executive vice president and chief financial officer at CSX, said during fourth quarter conference call with investors. "For 2016, we expect domestic coal volume to be around 19 million tons per quarter. Export coal will continue to be pressured by the strong U.S. dollar and global oversupply. Our full year outlook for export coal volume is around 20 million tons with some downside sensitivity."

Lonergo said shipment of metals is unfavorable as the strong U.S. dollar and high levels of imports continue to negatively impact steel production levels. Jim Squires, Norfolk Southern chairman, president, and CEO, said Norfolk Southern is trying to match resources with demand.

"Right now, given current market dynamics, we are aggressively bringing down over time, head count and our locomotive fleet size," Squires said on the fourth quarter conference call with investors. "We are also pushing on fuel efficiency, closing or scaling back operations in yards and terminals and rationalizing secondary lines. All of this is being done, so that we can achieve target levels of profitability while maintaining strong service, and the potential

for future growth. Even given challenging future market conditions, we believe we can achieve a sub-65 percent operating ratio by 2020."

The weak Canadian dollar is making exports from Canada more attractive to buyers in other countries. Jean-Jacques Ruest, chief marketing officer and executive vice president of Canadian National Railway, said the role of the railroad is to exploit what the economy has to offer.

"The economy is still offering very cheap natural gas, so what do we with that?" Ruest said on a recent conference call with investors. "There was an announcement earlier this month of AltaGas who are starting to do more serious work about putting a propane export terminal in Rupert. This can only take place because the gas in North America is cheaper here than other places in the world. There's also a benefit from that on a petrochemical industry, plastics and the like." U.S. intermodal traffic was up 4.8 percent year to date compared with a 2.7 percent increase year-to-date on Canadian railroads.

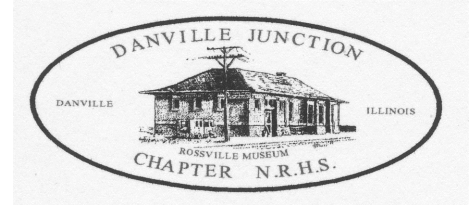
"Intermodal growth, it's being impacted obviously by a slowdown in the Canadian economy, as well as increased trucking capacity in our short-haul lanes," Keith Creel, president and chief operating officer of Canadian Pacific Railway, said during fourth quarter conference call. BNSF Railway, owned by Berkshire Hathaway, is expected to release its fourth quarter results on Feb. 27.

Via TRAINS On-Line

About Us

The DANVILLE JUNCTION CHAPTER, NRHS, is a not-for-profit corporation organized to preserve the history of railroading in Eastern Illinois and Western Indiana and operates a museum located in the former Chicago and Eastern Illinois Railroad depot on East Benton Street in Rossville, Illinois. The museum is open weekends from Memorial Day to Labor Day and features many railroad displays plus a large operating HO model railroad. Membership in the Chapter is open to any-

one having an interest in any aspect of railroading. Dues per year are \$30.00 for Chapter membership in addition to \$50.00 for NRHS membership. Rossville Depot Museum membership is \$30 per year. Meetings are held on the third (3rd) Sunday of each month (except June July, August and December) at the Jocko's Depot Restaurant, Gilbert Street (Illinois Route 1) and Williams Street, next to CSX (former Conrail), in Danville, Il with lunch beginning at 1:00 PM Central Time followed by meeting and program.



Officers for 2016—our 48th Year

- Allen Cooke – President
- Doug Butzow – Vice President
- Dick Brazda– Secretary
- Doug Nipper– Treasurer
- Dave Sherrill – Programs
- Jess Bennett – Historian
- Bob Gallippi – Museum Director
- Rick Schroeder – Editor
- Cooke Business Products - Publisher



IDOT and Amtrak to Maintain Service—Reduce Costs

Amtrak and the Illinois Department of Transportation have reached an agreement to maintain existing service on state-supported routes while reducing costs. The agreement will maintain the Amtrak schedule for the current fiscal year, which ends June 30, at a cost of \$38.3 million to the state. In the previous fiscal year, the department paid \$42 million for state-supported Amtrak service in Illinois.

To keep the schedule in place, the state negotiated the use of credits to lower its annual payment to Amtrak. The credits cover previous equipment upgrades the state paid for on Amtrak's behalf, as well as earlier state investments to establish onboard Wi-Fi service. The state also negotiated a \$2.7 million reduction from Amtrak's original request for equipment maintenance for the year.

The state currently supports four daily Lincoln Service round trips between Chicago and St. Louis, two daily round trips between Chicago and Quincy (the Illinois Zephyr and Carl Sandburg), and two daily round trips between Chicago and Carbondale

(Continued from page 3)

(the Illini and Saluki). Illinois and Wisconsin split the cost of operating seven daily Hiawatha Service round trips between Chicago and Milwaukee, with the Wisconsin Department of Transportation providing for 75 percent of the route's cost.

Since Illinois Gov. Bruce Rauner took office in 2015, he has proposed cutting funding to Amtrak that could reduce service levels, but the agreement preserves the service at least for the next four months. Proposals to expand Amtrak service to Rockford and the Quad Cities have been put on hold and are unlikely to move forward given Illinois' current budget woes.

TRAINS On-Line 2-10-16

Cat Layoff does not affect EMD

Caterpillar says its latest job cuts will include office workers in Illinois and factory workers in China, but no EMD employees.

The Friday announcement from Caterpillar is in line with announcements in late 2015 that the heavy industrial machine giant would slash as many as 10,000 workers from the payroll in the next several years. Caterpillar says this round of cuts would close five manufacturing plants and cut almost 700 jobs.

The company said that a slump in the energy sector has forced the company to lay off more employees than originally planned, and that production plants which build machines related to the mining and forestry industry will see the most direct impact from these cost-cutting measures.

Jamie Fox, senior public affairs manager at Caterpillar, says that the company's locomotive-producing subsidiary, Electro-Motive Diesel says EMD manufacturing plants in McCook, Ill.; Muncie, Ind.; Sete Lagoas, Brazil; and San Luis Potosí, Mexico; will remain open, and no jobs in those locations will be cut.

Though transportation has long been one of the largest and most reliable divisions of Caterpillar's operations, EMD fell even further behind by dragged its heels in producing a viable locomotive compliant with Tier 4 environmental regulations: It unveiled its first viable prototype, the

SD70ACe-T4, in Oct. 2015. By the same time, EMD's competitor GE had already begun fulfilling orders for Tier 4 compliant locomotives. Electro-Motive is unlikely to begin fulfilling deliveries until 2017.

Via *TRAINS On-Line* 2-1-16

METRA Highliners gone

When old equipment makes its last revenue run, there is often no fanfare. But in Chicago, on Friday, Metra officials made sure to "say goodbye to old friends" as the last of 166 electric multiple unit "Highliners" rolled down to the end of the line at University Park.

The first 130 Highliners were built by St. Louis Car Company and debuted on May 31, 1971, eventually replacing an Illinois Central heavyweight fleet of 140 motors and 140 trailers dating from the 1926 electrification of the line. Although Metra would inherit bi-levels from commuter railroads on its other routes, these Highliners were the first electrics to have air conditioning. The Chicago South Suburban Mass Transit District had purchased the cars for \$40 million, with two-thirds of the cost paid for with a federal transit grant, and leased them back to the IC. Chicago's Regional Transit Authority took over in the late 1970s and bought another 36 Highliners from Bombardier for \$28 million in 1978-1979. Metra, as the commuter rail division of the authority, took over operations from the IC in 1987. Once \$585 million of state bond financing became available in 2010, Metra placed an order with Nippon Sharyo for 160 cars. The first of these arrived in 2012 and have continued to replace the 1970s-era fleet, with the last of the originals making their final run on Feb. 12.

"About 20 are going to museums — I'll have to check," Metra Executive Director Don Orseno tells *Trains News Wire* aboard southbound train 113, "but we have to scrap the rest because we have no place to put them."

Metra board member Norm Carlson says that the old and new Highliner fleets comprise two of four generations of rolling stock on the line, which began operating four round-trips per day between Chicago and Hyde Park with steam power in 1856.

"The 1970s cars have become harder and more expen-

(Continued on page 5)

(Continued from page 4)

sive to maintain, and they don't have bathrooms or the at-seat electrical outlets our passengers want today," says Carlson. He points out that the route now has the youngest commuter rail fleet in the country, with the oldest cars being 12 years old.

Via TRAINS On-Line 2-15

NS Operates Long Train

Long freights and experimental, long haul trains with distributed power are becoming increasingly common on Class I railroads in the east. On Tuesday morning, that was the case on Norfolk Southern's Pittsburgh line.

Equipped with two mid-train distributed power units, a massive NS 12G train successfully rolled across the railroad's West Slope grade into Altoona, and east toward Harrisburg with 176 cars. The Conway, Pa., to Harrington, Del., general merchandise freight was led by NS EMD SD70ACe No. 1133, a Union Pacific GE AC4400CW and two mid-train DPUs, NS GE ES44AC No. 8056 and CN GE C40-8W No. 2146.

The train is one of the first of its kind in recent history on this route. Local sources familiar with operations say this move is something the railroad has wanted to experiment with in recent months as a way to run longer, bigger trains. While distributed power is occasionally used on the railroad's Pittsburgh line, high tonnage freights are unusual across West Slope grade, with most trains rarely exceeding 150 cars.

Via TRAINS On-Line 2-2-16

NRHS and Local Dues Payment.

For those of you that are also NRHS members we assume you have paid your 2016 dues. For your local payment please send your check (or pay at a meeting) to the Treasurer at PO Box 1013. Renewal is required by the April meeting to continue to receive this newsletter.

**April 16, 2016
Danville, IL**

Annual C&EI HS meeting at DACC Conference Center located south part of the campus on East Main Street

10 AM to 12 Noon: Meet and greet fellow members and friends of the society, sale and display tables available, no charge.

12 Noon to 1:15 PM - lunch on your own at local restaurants.

1:30 -4:30 PM – Tour of C&EI from Danville to Cayuga, IN, then follow the NKP toward Ridgefarm to where we will check out the former Milwaukee, then to the C&EI caboose and depot at Westville. From there we will follow the former Grape Creek line back to Danville.


5 PM to 6:30 PM - Group dinner at Jocko's Pizza, railroad decor.

7 -7:30 Annual Business meeting.

8 - 9:30 PM Program

This year's evening program following the annual business meeting will be presented by Jeffrey Payne. Mr. Payne is a retired writer/producer/director of TV Production at Illinois State University in Normal. As a young man he worked as a crew dispatcher for the Gulf Mobile & Ohio Railroad in Bloomington, Illinois.

Jeffrey is the grandson of Earl W. Thornton who was the editor of the C&EI Flyer employee magazine from 1942 to 1950. Jeffrey inherited a 292 volume collection of the C&EI's monthly magazine and has written a book about the C&EI during World War II. Mr. Payne researched his large Flyer collection to chronicle a month to month history of the C&EI during the war.



Positive Train Control Update

Positive train control (PTC) implementation is expected to cost the freight railroad industry \$9 billion to \$10 billion, according to a PTC progress update released yesterday by the Association of American Railroads (AAR).

As of Dec. 31, 2015, the freight railroads spent more than \$6 billion on PTC, as they continue to work on installation and implementation. PTC is a priority for the industry, but it is critical to make sure that the technology is installed and implemented correctly, AAR officials said in a prepared statement.

Making sure PTC is done right means field-testing is "essential" for safely deploying the technology, which will be a critical focus for the industry in 2016, they said. Currently, rail operators are discovering failure rates of up to 40 percent as they install and test the PTC equipment in labs and designated pilot territories.

By the end of 2016, the AAR anticipates the industry will make the following progress:

38 percent of the targeted 60,153 route miles will have PTC technology;

63 percent of 22,066 locomotives will be equipped with PTC technology;

51 percent of the 114,515 employees requiring training will be PTC-qualified;

87 percent of the more than 32,654 track-side signal systems will be PTC ready; and

77 percent of the 3,968 base station radios will be installed.

The end of 2015 was the original deadline that Congress set for railroads to implement the rail safety technology. Because a majority of railroads would not be able to meet the deadline, Congress late last year extended it to the end of 2018 and, if necessary, up to an additional two years to finalize and test the new technology.

In order to qualify for the extra two years, railroads must meet specific progress benchmarks, AAR officials said. Those benchmarks include:

PTC hardware is 100 percent installed on a railroad's system by Dec. 31, 2018;

PTC technology is implemented on more than 50 percent

of its system;

Employee training required by the Federal Railroad Administration is completed; and

All spectrum necessary for PTC implementation is obtained.

PTC technology will be overlay systems, which means they will supplement existing train safety checks and balances, according to AAR.

Progressive Railroading 1-12-16

Editor: Norfolk Southern has, I believe, all new signals and radios towers installed at all control points between Peru and Decatur. The old searchlight signals are still in use and will be for some time, but more than likely this spring/summer we will see the "cut in" of various segments along the route. In some locations new intermediate signals are in place, one being just west of the Gilbert Street overhead bridge. The signals at 14th Street will come out. CSX has been progressing north from Evansville installing new signals where needed and also installing satellite dish connection for their control.

KCS to Test PTC

On Feb. 29 Kansas City Southern started testing Positive Train Control (PTC) Field Integration Testing (FIT), a set of intensive tests to help validate the safety of PTC technologies and hardware in a variety of scenarios, prior to full implementation across the KCS network.

The railroad says the PTC team has worked diligently to prepare the New Orleans Subdivision for this testing. The team is wrapping up one phase of Verification and Validation (V&V), which consisted of validating the route, speed, critical feature locations and configuration of PTC wayside devices within the subdivision file by the geographic information systems and signal teams. V&V testing to date has been conducted with hi-rail vehicles.

KCS has been and continues to invest in PTC technology to ensure regulatory compliance and to support its core business objective of building upon its already strong safety culture.

From RT&S via Rail Group News 2-23

Metrolink PTC Causes Delays

Metrolink says a little more than 1 in every 10 train delays in 2015 tie back to positive train control. The Los Angeles Times reports that commuter trains in Southern California were delayed 4,395 times in 2015, almost doubling the number of five-minute-or-longer delays recorded in 2014.

Officials with Metrolink say that issues with the railroad's newly-implemented positive train control system accounted for the single biggest category of delays. Bugs in the software caused trains to stop without reason 613 times, and restarting the system's digital components can take up to 20 minutes.

The Times reports that mechanical issues related to Metrolink's aging fleet caused a further 588 delays and 320 more were related to congestion from freight trains sharing the same network. Trespassers, pedestrian fatalities, and police activity caused 247 delays.

Officials say the busy San Bernadino line had significant delays. After a scheduling change in October removed a peak-hours train from the roster, the remaining trains assigned to the route also became overcrowded. Some 1,000 passengers contacted Metrolink to complain about train conditions on the line.

The spike in delays in 2015 comes on the heels of several years of decreased ridership. Metrolink has addressed passenger complaints by adding additional coaches to its busiest routes, and is continuing to fine-tune the components of its positive train control system. Metrolink is also working to develop protocols for better coordination with the Sheriff's Department and coroner's office so that accidents can be cleared and investigated as quickly as possible.

Via TRAINS On-Line 2-2-16

Editor: Can you imagine what this will be like for the freight railroads when a 100+ car train gets stopped due to "bugs in the software" and it occurs in the middle of a town?



The Appalachian Railcar Services facility in Earl Park, Indiana is located on the old NYC Cario line just north of Sheff, Indiana (former Kankakee to Lafayette crossing of the Schneider to Danville segments of the NYC). The KBSR still goes down to an elevator about two miles south of Sheff so both interchanges are still being used, but not the diamond. Photo by Joe Cooke

Lincoln Square Village Train Show Urbana, Illinois

April 2 – 10:00 AM to 6:00 PM

April 3 – 11:00 AM to 4:00 PM

Midwest Central Railroad Club
and The Urbana Free Library
Layouts, historical society's displays,
NMRA workshop and some
20+ dealers of model railroad
equipment.

Free Admission

**Danville Junction Chapter, NRHS
PO Box 1013
Danville, IL 61834-1013**

Phone: 217-552-6514
Email: rickschro1@gmail.com

**We're on the Web!
www.danvillejct.org**

Photo of the Month



Amtrak 2166 and New Jersey Transit 3251 at Rahway, NJ. Photo by Dick Brazda January 15, 2016