



REMSA MAINLINE

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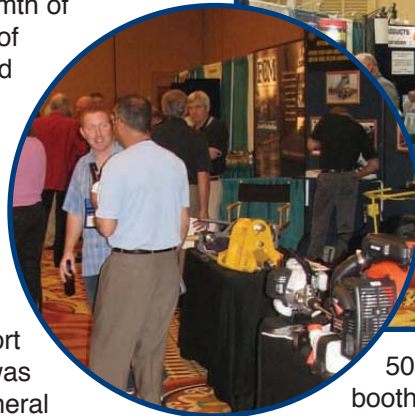
REMSA Again Stages Successful Exhibit with NRC in Miami in January

Once again, REMSA and National Railroad Construction and Maintenance Association people journeyed to the warmth of South Florida the first week of January for a conference and exhibit rated successful on all fronts.

The 2007 NRC Conference and NRC/REMSA Exhibition took place Thursday, January 4, through Sunday, January 7, 2007, at the Doral Golf Resort & Spa in Miami, FL. There was record attendance in the general sessions, record attendance in the exhibit halls, record attendance at the banquet dinner and a lineup of top speakers. More than 500 railroaders, railroad contractors and suppliers and lots of other folks took advantage of Florida's warm January weather as well as to gather important business information and to network.

As in the first joint gathering in 2005, also in South Florida, NRC organized the conference portion, while REMSA applied its expertise and experience to staging the tradeshow.

"Once again, this proved to be a great way to kick off a new business year," said REMSA President Jon Reilly, Harsco Track Technologies. "We were pleased that about



50 exhibitors signed up for booths. The talk I heard among exhibitors during and after the exhibit was decidedly positive."

"The 2007 tradeshow exhibition, organized by REMSA, was another huge success," said NRC Chairman Jon M. McGrath, McGrath construction. "In addition to a substantial turnout from our contractor members, there were also dozens of railroad or transit employees in attendance. We set an NRC attendance record. The exhibit and conference complemented each other extremely well, setting up a real win-win situation."

The next REMSA exhibit will be held concurrently with the AREMA annual conference in Salt Lake City, UT, in the fall of 2008.



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AAR Outlook Shows Railroads On Track and Steaming Ahead in 2007

"2006 was a very good year for U.S. freight railroads. That should be welcome news for all of us. Responsive, financially-healthy railroads are critical to our economic health and global competitiveness," said Craig Rockey, Vice President of Policy and Economics at the Association of American Railroads.

Mainline asked Craig to review the previous year and comment on the year ahead.

According to Rockey, 2006 saw a continuation of trends that began a few years ago, including:

- High fuel costs, which favor the energy efficiency advantages of railroads (railroads are three or more times more fuel efficient than trucks on a ton-mile basis);
- Capacity constraints in the trucking industry, driven largely by congested highways and truck driver shortages;
- Booming international trade, including a surge in imports from Asia and higher agricultural exports;
- High natural gas prices, which encourage utilities to generate more electricity from coal; and
- A still-strong domestic economy — overall GDP has now grown for 21 straight quarters, despite current weakness in the housing and automotive sectors.

Railroads are hauling more freight today than at any time in their history, with coal and intermodal pacing rail traffic gains in 2006. As has been the case virtually every year for the past 25 years, intermodal traffic set another annual record in 2006. Agriculture-related traffic also had a solid 2006. Ethanol traffic surged too.

One important result of the increase in rail traffic over the past couple of years is an improvement in rail finances, which means railroads have more money to carry out maintenance and capital projects.

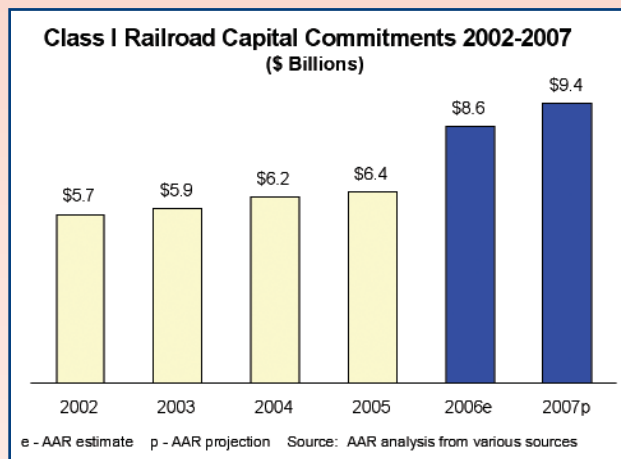
Over the past couple of years railroads have made massive investments in infrastructure and equipment. Rockey noted, for example, that Class I capital expenditures were \$5.7 billion in 2002. Preliminary data for 2007 suggest that Class I capital commitments (capital expenditures plus an accounting adjustment to account for new operating leases) will exceed \$9 billion in 2007.

We asked Rockey to list a few of the major public policy issues that the rail industry will face in 2007.

The first issue he noted was addressing the capacity issue. According to Rockey, freight railroads will continue to spend massive amounts of private capital to improve and maintain their systems, but even with their improved financial performance, funding constraints will likely prevent railroads from meeting optimal future rail

infrastructure investment needs entirely on their own.

One way to support additional rail investment is through federal income tax incentives for freight rail capacity expansion. Under the rail industry-supported "Freight Rail Infrastructure Capacity Expansion Act of 2006" (S. 3742 in the 109th Congress), projects to expand freight rail capacity would be eligible for a 25 percent tax credit. Qualifying capacity-expanding investments include raising tunnel clearances to accommodate double-stacked trains, upgrading single track lines to double or triple tracks, and adding and lengthening sidings. Eligibility for the credit would extend to any taxpayer that made a qualify-



Railroad Financial Performance*

(billions, except percentages)

	2004	2005	2006
Operating Revenue	\$38.5	\$43.7	\$49.5
Operating Expenses	\$32.8	\$35.3	\$38.5
Operating Income	\$5.7	\$8.4	\$11.1
Net Income	\$2.7	\$5.0	\$6.3
Net Margin	6.9%	11.4%	12.7%
Operating Ratio	85.3%	80.8%	77.6%
Ton-Miles	1,564	1,596	1,665

*BNSF, CSX, NS, and UP aggregated
Source: Individual railroad financial reports


ing expenditure, not just railroads. For example, investors in a new intermodal facility would be eligible.

Also high on the priority list is ensuring that reregulatory legislation that would degrade railroads' ability to expand and provide responsive service does not pass.

Railroads would also like to see policymakers address the "bet the company" gamble that transporting

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highly hazardous materials entails. Rockey notes that the revenue that highly hazardous materials generate does not come close to covering the liability associated with this traffic, and insurance sufficient to fully cover railroads' risks is impossible to obtain. Railroads believe that if the common carrier obligation is retained, railroad liability in case of a hazmat accident should be limited, as is the case with Amtrak operations and incidents involving the release of nuclear materials.

"To summarize, the condition of the rail industry is strong," Rockey said. "As railroads continue to creatively develop capacity and technology, while avoiding unnecessary and counterproductive new regulations, their ability to provide responsive and efficient service, while expanding to meet future demand, is promising." 



FRA Denies DM&E Powder River Basin Loan Application




Federal Railroad Administrator Joseph H. Boardman denied a \$2.3-billion Railroad Rehabilitation and Improvement Financing (RRIF) loan application from the Dakota, Minnesota, & Eastern railroad, concluding it posed an unacceptably high risk to federal taxpayers.

Boardman found that while the Powder River Basin project met some of the RRIF program's statutory requirements, there remained too high a risk concerning the railroad's ability to repay the loan even with an appropriate combination of credit risk premiums and collateral.

He said he was concerned by several factors, including the DM&E's current highly leveraged financial position; the size of the loan relative to the limited scale of existing DM&E operations; and the possibility that the railroad may not be able to ship the projected amounts of coal needed to generate enough revenue to pay back the loan.

In addition, Boardman cited concerns that the application did not sufficiently address how the railroad would handle potential cost overruns and schedule delays with the Powder River Basin construction project.

Kevin Schieffer, President & CEO of DM&E, made the following statement in response to the Federal Railroad Administration's decision to deny the loan application.

"While DM&E is disappointed in the Federal Railroad Administration's decision denying our loan application, we expect to move forward and will spend some time assessing alternatives to accomplish that objective. This project is too important to the future of our company, regional rail transportation and the many supporters in the agriculture and energy sectors, the communities we serve, and beyond who are relying on it. DM&E will make appropriate announcements about next steps in the process as it moves forward." 

UP's Bill Wimmer named Railway Age Railroader of the Year

Bill Wimmer, Vice President-Engineering for Union Pacific, was named the 2007 *Railway Age* Railroader of the Year, only the second time a railroader from the engineering side has received the honor in its history.

In a historical aside, Robert Brown of Union Pacific, who in 1978 became the first from the engineering side to win the honor, hired Wimmer in 1974.

"For his tireless work maintaining UP's gold-plated status, building up the railroad that is 'Building America,' and for his contributions to the industry in the engineering discipline during a career that has spanned 50 years, *Railway Age* has selected Wimmer as 2007 Railroader of the Year," wrote Bill Vantuono, editor. "He follows his legendary mentor as the second chief engineer selected to receive the award, and it's really no surprise that he's from the same railroad."

Wimmer was born March 23, 1938. He signed on his first railroad job as a draftsman with Chicago & North Western in 1957. He became an instrumentman on the C&NW Galena Division in early 1960 before being drafted into the U.S. Army in 1961. In 1963, Wimmer resumed his instrumentman job on the C&NW Galena Division.

In 1966, Wimmer was promoted to assistant engineer on the Galena Division and, in 1967, became assistant roadmaster at Waukegan, IL, before becoming an industrial development engineer in the Traffic Department. In 1968, he was promoted to chief industrial development engineer, supervising a staff of three regional engineers.

In 1971, Wimmer returned to the C&NW Engineering Department as assistant division engineer on the Galena Division, and in 1972 was promoted to division engineer. In 1973, Wimmer's title was changed to assistant division manager-engineering on the newly renamed Illinois Division, though his territory remained the same.

Wimmer joined UP in 1974 as system project engineer, then was promoted to general roadmaster at Portland, OR. Less than one year later, he was named division engineer on the Kansas Division in Kansas City. In 1978, Wimmer became division engineer of the Wyoming Division at Cheyenne.

In 1984, he returned to Portland to become District Engineer for the Northwest District, whose territory stretched from Granger, WY, to Seattle; Pocatello, ID, to Silver Bow, MT; and Hinkle, OR, to Eastport, ID, with numerous branch lines. Soon after, UP abolished its district structure and established three regions, with the Western Region headquartered at Salt Lake City, where Wimmer became regional engineer in July 1986. He then moved to Omaha to become chief engineer-facilities.

In 1987, he became general director-service requirements, in charge of blocking and scheduling and, two years later, was appointed general superintendent-west, with headquarters in Omaha.

In 1990, UP President and CEO Dick Davidson asked him to take



the existing six employees doing environmental work from the Engineering Department and set up a new group to focus on all environmental projects for the company, reporting directly to Davidson and the corporate vice president-law. The environmental group eventually grew to 42 employees.

Wimmer returned to engineering in 1993 as senior avp-engineering management under Vice President-Engineering Stanley J. McLaughlin. Following McLaughlin's appointment to vice president-quality and process improvement, Davidson promoted Wimmer to vice president-engineering in 1998, making him the 17th chief engineer since UP was established in 1862.

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REMSA Scholarship Competition

Offering 5 \$2,000 Stipends

The cost of higher education is an ever-increasing burden on students and their families. To provide a little relief, again this year REMSA is offering five \$2,000 scholarships for deserving students within the REMSA family who have a potential interest in railway-related careers. The scholarships are for the 2007-08 academic year.

REMSA rules require that the student's orientation should be toward working for a railroad, a rail transit system, a contractor whose primary business is construction and maintenance of railroad track and structures, railway-industry consultants or for a railroad-oriented supply company.

To qualify, students must be an employee or the spouse, son, daughter, grandson or granddaughter of a current employee of a REMSA member company. Candidates must be enrolled and in attendance at the time of application as a full-time college student at an accredited two-year college offering an associate's degree or an accredited college or university offering a bachelor's degree. In addition, the candidates must demonstrate successful completion of the previous year of study and a willingness to continue.

All necessary materials must be submitted by mail to REMSA headquarters post-marked no later than May 18.

As part of the competition, entrants must complete an essay of 500 words or less on a topic chosen by REMSA.

This year, students are being asked to address the following: Will more public benefits justify government funding of railroads, which are private companies? Will more public money be required in the future? Why or why not?

In addition, applicants must write a narrative about present and future studies, research projects or school activities, post-graduate plans and why the applicant thinks he or she deserves the scholarship.

Students wishing to enter this year's competition should mail the application form, which is available at the REMSA website or from REMSA headquarters in Falls Church, VA, and all accompanying materials to the Executive Director of REMSA, postmarked no later than May 18. The absence of any of the required materials renders the application incomplete.

Required materials include:

1. A completed Application for 2007 Undergraduate Scholarship Program form, including the narrative requested in the application.
2. A letter written on official REMSA-member-company stationery confirming REMSA sponsorship as requested in the application and stating the relationship of the member company employee to the applicant, e.g., employee, mother, father, grandfather, etc.
3. An official transcript from all schools attended, including high school, and all college-level work completed through January 31, 2007. The transcript(s) should list courses taken or in which currently enrolled that may apply to a possible railway-oriented career.
4. A 500-word essay on the topic listed above. The essay should be double-spaced on a separate sheet with the applicant's name printed at the top.
5. Two letters of recommendation written on official letterhead as explained in the application form. College students must provide at least one letter from a faculty member of the college in which the applicant is currently enrolled.

To ensure smooth processing, REMSA asks that applicants submit the application, narrative statement and essay in one envelope. Transcripts, letters of recommendation and letter of sponsorship should be sent directly to REMSA from the appropriate persons.


Those people who have previously won REMSA scholarship are eligible to be considered for renewal of their scholarship assistance each year. However, they must submit a new application form, narrative statement, two letters of recommendation (one from a college faculty member), letter of sponsorship from a REMSA member company, an updated transcript including courses taken and grades received since their initial application and an essay on the topic listed above.

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REMSA Scholarship Competition Offering 5 \$2,000 Stipends

The REMSA Board of Directors appointed this year's Scholarship Committee, which is chaired by Dave Barry, Lewis Bolt & Nut Co. The committee will base its evaluation for awards on the material submitted and will inform applicants of awards in July. Scholarship recipients will be required to submit a final official transcript, including grades for the spring term.

To ensure that all required materials are received, REMSA recommends that applicants call the headquarters office (703-241-8514) around mid-April to inquire about the status of their applications with regard to receipt of the materials required for consideration. If any materials are missing, the application will be incomplete. 

Mission Statement:

To provide global business development opportunities to members.

To transfer knowledge about markets, products & the industry to members & their customers.

To support government initiatives that advance the North American railroad industry.

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UP's Bill Wimmer named Railway Age Railroader of the Year


Wimmer's involvement in industry-wide engineering initiatives started with the American Railway

Engineering Association in 1968 and the Roadmasters and Maintenance of Way Association in 1969, and continued with the Bridge and Building Association in 1993. Wimmer is an AREMA Life Member and currently serves as chairman of the AAR Heavy Axle Load Committee and a member of the AAR Railway Technology Working Committee. He is also a member of the North American Chief Engineers. He is on the AREMA Board of Governors and provides leadership to the association in financial, policy, and strategic planning matters.

UP's Engineering Department has been a high-profile user of high-performance, high-production track machines. Wimmer has worked closely with suppliers in the design and construction of many such machines. "The support I get from our suppliers is tremendous," he said. "I've always challenged them to sit down and partner with us—it's the best way to do business. If a problem with a particular product crops up, we always deal in facts and figures, and try our best to mutually solve the problem."

Wimmer led an industry initiative to standardize track materials and measurements used by western railroads for HAL traffic (141-pound CWR, concrete ties, etc.). The standards and practices he developed have since spread to eastern and Canadian railroads.

Wimmer has four children, a daughter and three sons, two of whom—Scott Robert and Todd Alan—are twins, and 10 grandchildren. Wife Judy Rae, whom he married in 1981, is a realtor in Omaha.

At present, Wimmer has no plans to retire. 

Events to Note

April

9-12. Light Rail Transit Conference. Hyatt Regency. St. Louis, MO.

Contact: Cara Reeve. Phone: 202-496-4874. E-mail: creeve@apta.com.

Website: www.apta.com.

17-18. AREMA Committee 4 – Rail, Jacksonville, FL, 301-459-3200.

18. AREMA Committee 27 - Maintenance of Way Work Equipment, Charlotte, NC, 301-459-3200.

19. AREMA Committee 28 – Clearances, Milwaukee, WI, 301-459-3200.

22-23. AREMA Committee 34 – Scales, Nashville, TN, 301-459-3200.

22-24. AREMA Committee 18 - Light Density and Short Line Railways, Baltimore, MD, 301-459-3200.

22-24. ASLRRA Annual Convention. Baltimore, MD. Contact: Kathleen Cassidy. Phone: 202-585-3443. E-mail: kcassidy@aslrta.org. Website: www.aslrta.org.

23-25. Engineering Fundamentals of Rail Transit Passenger Systems: Light Rail, Commuter Rail, Rapid Transit©. Madison, WI. Contact: C. Allen Wortley. Phone: 608-262-0577. E-mail: wortley@engr.wisc.edu. Website: http://epd.engr.wisc.edu/webH864.

May

7. Principles of Wheel/Rail Interaction. Advanced Rail Management and Interface Journal. Marriott Hotel

O'Hare. Chicago, IL. Contact: Brandon Koenig. Phone: 847-808-1818. Website: www.wheel-rail-seminars.com.

8-9. Wheel/Rail Interaction '07. Advanced Rail Management Corporation and Interface Journal. Marriott Hotel O'Hare. Chicago, IL. Contact: Brandon Koenig. Phone: 847-808-1818.

Website: www.wheel-rail-seminars.com.

15. AREMA Committee 5 - Track Memphis, TN, 301-459-3200.

15-16. AREMA Committee 2 - Track Measuring Systems, Baltimore, MD, 301-459-3200.

15-16. AREMA Committee 15 - Steel Structures, Charlotte, NC, 301-459-3200.

June

3-6. APTA Rail Conference. Sheraton Center Toronto. Toronto, ON, Canada. Contact: Heather Rachels. Phone: 202-496-4838. E-mail: hrachels@apta.com. Website: www.apta.com.

July

22-24. Tie Grading Seminar. Railway Tie Association. Terre Haute, IN. Website: www.rta.org.

29-31. AARS Annual Meeting. Indian Lakes Resort. Bloomingdale, IL. Website: www.supt.org.

September

9-12. AREMA Annual Conference & Exposition. Palmer House Hilton. Chicago, IL. Phone: 301-459-3200. Website: www.arena.org.