

DANVILLE FLYER

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January 21—MONTHLY MEETING at Jocko's on Williams Street, 1:00 PM—program by TBA.

Feb 3, 2018—Operating Session at Rossville—check the weather for this one on.

Feb 3 & 4, 2018—Train Show at Indianapolis Fair Grounds, 10 AM to 4 PM each day.

March 3 - Indianapolis - Indianapolis Model Railroad Show & Open House. Manual High School Gym, 2405 S. Madison Ave.

March 25 - Springfield Model Railroad Club's Springfield Train Fair 2018. Illinois State Fairgrounds. Orr Building. 10-4

April 7-8, 2018—37th Annual Train Show, Lincoln Square Village, Urbana, IL 10-6 and 11-4, admission Free.

Changes Continue at CSX

CSX Transportation Chief Financial Officer Frank Lonegro made the case for Precision Scheduled Railroading during an investor conference today, noting that the railroad's operating ratio and operating income both have been stuck in narrow ranges since 2011.

"And that lack of progress, among other things, was the driving factor in bringing Hunter Harrison on board," Lonegro says of the chief executive who joined CSX in March as part of a management coup orchestrated by a hedge fund. In the third quarter, CSX set a new operating ratio record, while operating income was up 20 percent, Lonegro notes. CSX still expects to reach an operating ratio of around 66 or 67 percent this year, along with earnings per share growth of between 20 and 25 percent.

CSX has recovered well from its summer of service disruptions and now is the only Class I railroad that can claim year-over-year improvements in train speeds, terminal dwell, and the number of cars on line, Lonegro says. The service problems were caused, in part, by the rapid rollout of changes to the merchandise network.

The major changes from March through mid-October include converting eight of the railroad's dozen humps to flat-switching terminals, blending metals and rock unit trains into the merchandise network, restructuring local service plans, balancing the intermodal network by introducing seven-day-a-week service, consolidating Florida intermodal trains, and implementation of the full balanced network plan over the Fourth of July holiday. CSX also consolidated its operating regions to five and replaced field leadership.

"These folks were handpicked by Hunter," Lonegro says.

The regional operations leaders were either brought in with Precision Scheduled Railroading experience from Canadian National or were CSX operations officials who went through "Hunter Camps," where Harrison realized their potential during the intensive training sessions. CSX service has bounced back, as evidenced by average transit time improvements, Lonegro says. The average was around 6.5 days in early March and declined to around 5.9 days in May before nearing 8 days amid the height of the service problems in August. They've been declining steadily ever since and are now back below 6 days.

Many shippers, however, are still complaining about erratic service, delayed shipments, and errant carloads. About 85 percent of the merchandise network changes have already been rolled out, with the focus now on properly executing the plan and then making refinements, Lonegro says.

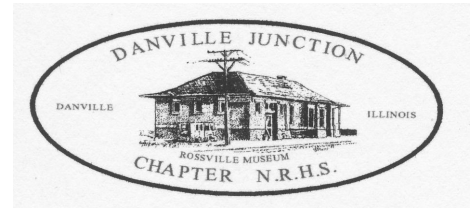
CSX will continue to evaluate hump yard operations and could convert another or reopen another as traffic volume dictates, he adds. Harrison and new Chief Operating Officer James Foote are currently focusing on improving the profitability of the intermodal network. Intermodal is an integral part of CSX, Lonegro says, but ultra-low-density lanes will be trimmed or moved into the merchandise network where it makes sense to do so.

(Continued on page 4)

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 2018—our 50th Year

- Henry Schmitt – 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



National Railroad Museum to be Built in Galesburg, Illinois

Officials say construction on a national railroad museum in Galesburg won't begin until 2019. Organizers for the National Railroad Hall of Fame are still raising money through a capital campaign. The (Galesburg) Register-Mail reports that the goal is to raise \$30 million to build the facility, which includes exhibits and an exterior plaza. Construction is expected to take up to two years after the groundbreaking.

Federal officials designated Galesburg as the site for the national museum in 2003. A community campaign raised about \$1.5 million in 2006. Officials won't release current fundraising figures.

National Railroad Hall of Fame executive director Julie King says the campaign totals will be announced when 80 to 90 percent of the money has been pledged. King estimates that'll occur in 2019.

2017— November Meeting Minutes

The meeting was called to order at 1352. The minutes of the previous meeting were in the newsletter and were approved.

The treasurer's report shows income of \$1014 and no expenses for the last month. Balance as of 11/19 is \$5309.66.

The staffing at the museum for the summer was reviewed. Jim Hile led the staffing with 30 days, with Skylar Brown second with 27 days. Both were recognized for their contributions.

Henry Schmitt reported on the Fountain County railroad presentation earlier in the month. Around 80 persons attended with very interesting presentations by Terry Bodine and Jeff Drosear. Several attendees have since offered relevant photos from their own collections.

Depot winterizing is scheduled for the December operating session, 12/2. New plastic has been purchased.

Henry suggested the March meeting be with Terry Bodine in Fountain County. He has agreed to host, showing off his 1/5 in scale RR and looking in on some of the old RR grades. Firm plans will be announced later.

Meeting dates were booked with the restaurant for 2018. We will notify them of any exceptions (such as March) later.

Elections were held for officers for next year. The following slate was railroaded:

President – Henry Schmitt Vice President – Doug Butzow Secretary – Dick Brazda Treasurer – Doug Nipper

The meeting adjourned at 1412.

Jim Hile presented a video on the Norfolk Southern.

The January program will be presented by Dave Sherrill. For February operating session at Rossville and January meeting, remember, if we have more than 6 inches of snow check to see if the meeting is canceled.

Second Section

Sunrise Coal, LLC, a wholly owned subsidiary of Hallador Energy, and Norfolk Southern have signed a Side Track Agreement to construct a truck to rail coal loading facility. The facility known as the Princeton Loop will be located six miles west of Princeton, Ind., on Highway 64 and includes the ability to unload trucks, blend coals, load 135 car unit trains in four hours and store more than 4 million tons of coal. The new facility will primarily serve utility coal plants served by NS once the rail facility is completed in the spring of 2018. Hallador's President and CEO Brent Bilsland, stated, "We are excited about the development of the Princeton Loop as it enables Sunrise's low-cost production to access substantial new markets and better serve our customers."

Sunrise Coal is still involved in proceeding with a mine in the Homer area. This would be a connection to Norfolk Southern for outbound coal. Area residents are still protesting the mine but permitting has been moving along.

Great Lakes bypass dead:

The STB said in its ruling that Great Lakes had failed to provide accurate financial information and was "so clearly deficient for purposes of constructing a 261-mile rail line that the board will not proceed with this application given the impacts on stakeholders and the demands upon board resources."

The STB issued the ruling on Aug. 31. The appeal would have required Great Lakes to provide information showing them to be fiscally capable of building the new line. *Trains 11-8*

CHICAGO — A 261-mile freight railroad that Great Lakes Basin Transportation proposed to build between Indiana and Wisconsin has been shelved after the company missed a 60-day deadline to appeal the Surface Transportation Board's rejection of its building application. *Railway Age 11-9*

(Continued from page 1)

Lonegro did not confirm that CSX is scrapping its hub-and-spoke intermodal strategy. But he did say that Harrison wants to emphasize service to higher-volume, point-to-point markets.

The hub-and-spoke strategy is reliant on the North Baltimore, Ohio, container-sorting hub, which adds both time and expense to traffic that is both service- and price-sensitive. The terminal is scheduled to stop container sorting this month.

Lonegro says Foote, who worked with Harrison at CN and has operations experience from early in his career at Chicago & North Western, is an important addition to the management team, particularly since he will head both operations and marketing.

"You want the commercial folks to sell the operations capabilities," Lonegro says. "And you want the operating folks to be able to deliver what the commercial group is selling."

CSX likely will scale back capital spending next year and beyond, Lonegro says. The railroad will continue to store locomotives and freight cars and will take a "rolling stock holiday" for Harrison's tenure, Lonegro says. CSX also has put siding expansion projects on hold amid changes to the operating plan. The railroad is likely to hold off on intermodal terminal investments in favor of leveraging the investments made over the past decade, Lonegro says. In that vein, CSX officials say the railroad's Carolina Connector intermodal terminal, which is to be built in Rocky Mount, N.C., is currently under review. Sources tell Trains News Wire that the railroad will not proceed with the project.

Lonegro spoke at the Baird Global Industrial Conference on Wednesday morning.

Trains On Line 11-8

Editor: In the "Scheduled" railroading it is interesting to note in the Danville area that a wind turbine train was moving north to Danville and the officials at Brewer had no idea. The same was true for a engine that was dead in tow for the Vermilion Valley that was "lost for some time on CSX" that required one of the VV employees that reported it had been spotted come south at Rossville to the yard, who had no idea it was to arrive. Now we can understand the lack of knowing the consist of the inbound train, but a whole train of turbine parts?

UPDATE:

CSX Corp said on December 14th its Chief Executive Officer Hunter Harrison was taking medical leave, an announcement that comes amid of a controversial turnaround plan at the

No. 3 U.S. railroad that has drawn customer criticism and scrutiny from regulators.

The Jacksonville, Florida-based railroad said Harrison, 73, was taking a leave of absence due to unexpected complications from a recent unspecified illness. James Foote, who was named CSX's chief operating officer in late October, was appointed acting CEO in Harrison's absence.

"Hunter is a good friend and has been a colleague of mine for many years," Foote, who previously worked under Harrison at Canadian National Railway Co, said in a statement. "He is an icon in the industry and we pray for his speedy recovery."

A railroading legend, Harrison was installed as CEO of CSX earlier this year. He has previously turned around Canadian National and Canadian Pacific Railway Ltd Investors have had high hopes that Harrison would boost profits at CSX and despite customer complaints and persistent service issues at the railroad through the summer months, the company's stock is up just shy of 60 percent year to date.

One of the concerns raised ahead of the septuagenarian's appointment to head CSX was focused on his health. Harrison occasionally uses an oxygen tank but has insisted that he was fit enough to turn around another railroad. Harrison's methods since joining the company left customers complaining of delays and congestion on the railroad's network. At a hearing held by top U.S. rail regulator the Surface Transportation Board in October, customers critical of CSX's overhaul demanded greater accountability and fewer delays.

Just last week, Reuters reported that the U.S. Government Accountability Office is launching a probe into the safety of increasingly long freight trains being operated by CSX Corp to boost profitability. In after-market trading on the 14th, CSX shares were unchanged at \$57.31

Editor: As I am sure most of you know that within a few days after this news was out word came that Hunter Harrison had passed away. Three of the top executives in the CSX organization that had been expected to take over when Hunter retired had already left, thus James Foote will be moving forward to implement Hunter's scheduled railroading. Within a few days the CSX Board announced they would be moving forward to search for Hunter's replacement. A rail legend has departed from the world of railroading. Whether you loved him or hated him he changed the way his railroads did business and forced others to change also.

Urbana Train Show—April 7 & 8, 2018

IRM Becomes Debt Free

UNION, Ill. – The Illinois Railway Museum has retired the last of its land acquisition mortgages, a move that museum staff says makes the operation debt-free for the first time in 50 years.

Communications director Frank Hicks tells Trains News Wire that the museum has been working towards that goal for "about 55 years, depending on how you look at it." The organization took out their first mortgage when it moved to Union in 1964 and purchased a 26-acre plot around the depot.

The museum paid off the mortgage on that first plot several years ago, but then took out several more mortgages for the purposes of "land acquisition and to establish buffer space between ourselves and residential areas." This last mortgage, Hicks says, was for an 89-acre parcel acquired in 2009. IRM was able to pay it off after receiving a sizable bequest earmarked for land acquisition.

"Being debt-free fees up more money on month to month basis that we can put towards operations or restorations," Hicks says. "We are grateful to our many donors who allowed us to get to this point."

Hicks says that the museum has not directly transferred the mortgage payments to other projects, but having those funds available will allow them to put more emphasis on building a visitors' center and recreating a historic Main Street with tracks running down the middle.

"The Main Street (project) will allow us to operate our streetcars in an authentic setting," Hicks says of the two-block long stretch of historic buildings and facades. "The visitors' center will be its cornerstone. We have worked with an architect to develop plans, and we are just now starting fundraising for that project." For more information on the Illinois Railway Museum and its holdings, go to www.irm.org.

TRAINS On-Line 11-13



Local and NRHS Dues are Due now.

New Builder for IDOT Passenger Cars

Confirming a change by its contract partner, Caltrans amended its \$317-million contract for new passenger cars, replacing Nippon Sharyo with Siemens, which will join with Sumitomo Corp. of America to fulfill the delayed multi-state order. Other details of the order were changed as well.

The newly-finalized contract will supply 137 single-level passenger railcars – 49 to Caltrans and 88 to the Illinois Department of Transportation. Under the original terms of the deal, Sumitomo had subcontracted construction of bi-level cars to Nippon Sharyo of Japan. The revised pact substitutes Siemens as a subcontractor, changes specifications to single-level cars, and accelerates delivery from five years to 24-34 months.

The IDOT contract with Nippon Sharyo dates to 2012, and was financed by \$551 million in federal funds. But the order was jeopardized in 2015 when a prototype car failed to pass a mandatory crash safety test. In August of this year, IDOT announced that Siemens would replace Nippon Sharyo as subcontractor, and that it was changing specifications from bi-level to single-level cars. Nippon Sharyo was building the cars in Rochelle, Ill. The U.S. operations of Sumitomo are a unit of Japan's Sumitomo Group.

"This contract is moving full-speed ahead and that is good news for Californians, both in terms of job creation and better passenger rail service," said Caltrans Director Malcolm Dougherty. "Caltrans and IDOT are ready for these new railcars to provide additional seating capacity for our busy trains and support planned improvements to passenger service."

All of the components will be sourced from U.S.-based suppliers in the 100% "Buy America" cars, to be constructed at Siemens' manufacturing hub in Sacramento. Siemens is also building the SC-44 Charger passenger locomotive in Sacramento, as part of a similar multi-state order which includes Illinois.

"Siemens is excited to work with Sumitomo in their partnership with Caltrans and the IDOT," said Michael Cahill, president of Siemens Rolling Stock. "These coaches will use the industry's latest, proven rail technology to provide passengers with a safe, modern and highly comfortable ride."

In California the new coaches will be used on the intercity Pacific Surfliner, San Joaquin and Capitol Corridor trains, and on Midwest Coalition service represented by IDOT. The first cars are expected to begin production this year (2018).

Amtrak has Record Ridership and Revenue

Amtrak posted record ridership, revenue and earnings in fiscal-year 2017, which ended Sept. 30, railroad officials announced yesterday. In FY2017, Amtrak's ridership increased 1.5 percent to 31.7 million passenger trips and total revenue rose 1.1 percent to \$3.2 billion compared with figures in FY2016, according to an Amtrak press release.



The railroad's unaudited, adjusted operating loss of \$194 million was 15.7 percent less than its operating loss in FY2016. Amtrak recovered 94.7 percent of its operating costs — a new record — with ticket sales

and other revenue, railroad officials said.

Also in FY2017, Amtrak posted year-over-year ridership gains for all of its service lines. Ridership grew 1 percent to a record 12 million passengers on the Northeast Corridor; rose 2.1 percent to 15 million on state-supported services; and climbed 0.9 percent to 4.6 million riders on long-distance routes.

"We provided a vital transportation service to more customers and created strong value for the federal investment," said Amtrak Chairman Tony Coscia, adding that he expects the railroad to perform "even better" in the future.

"Over the next several years, we're aiming to cover total operating costs from ticket and other revenues by strengthening our services and continuing to drive efficiency," he said. "To do this, we are making investments in tracks and stations, on our trains, and in the delivery of customer service so that we can serve more customers with a better experience."

Among other achievements in FY2017, Amtrak:

- completed more than \$420 million in state-of-good repair and renewal work on infrastructure;
- began a major renewal effort at Penn Station in New York City, where Amtrak installed 897 ties, 1,100 feet of rail, 1,000 tons of ballast, seven turnouts, four complex diamond crossings and 176 yards of concrete;
- deployed state-purchased Charger diesel locomotives on certain routes in coordination with state partners in Illinois, Wisconsin, Oregon and Washington;
- streamlined senior management;
- continued to chip away at total debt, which was \$1.2 billion as of Sept. 30 — down 64 percent compared with 10 years ago;

- launched a new Winter Park Express in Colorado, serving more than 18,000 riders;
- invested in new Amfleet I car interiors and improved Wi-Fi service on Acela Express trains;
- launched a national partnership with the rideshare company Lyft; and
- completed Project uniTY, a corporate-wide effort to integrate, simplify and centralize technology and data services.

Via Rail News 11-17-17

CN Venture & New Motive Power

CN has announced it chose Toyo Engineering Canada Ltd. to design and carry out a pilot project associated with producing CanaPux™ pellets. The project is a key step toward demonstrating the commercial viability of moving bitumen in solid form by rail, CN officials said in a press release. The Class I worked with InnoTech Alberta to develop CanaPux, solid and dry pellets that are designed to float in water. The pellets won't leak or dissolve, so there's minimal risk of environmental contamination to oceans, lakes and rivers, CN officials said.

The development of this "new supply chain" has the potential to unlock offshore markets for Canada's energy producers, said Janet Drysdale, CN's vice president of corporate development and sustainability. Toyo Engineering will participate in a closed-loop pilot project to create equipment that can solidify and re-liquefy up to 1,000 barrels of bitumen per day.



The Class I and Toyo Engineering will create a presentation center where interested shippers, potential commercial partners and key stakeholders can observe the equipment and how the CanaPux pellets transportation process would work from the origin in Alberta to potential markets worldwide, CN officials said.

With the pilot project, the Class I plans to produce CanaPux pellets for further large-scale supply chain testing, including moving the pellets in gondolas, unloading it at port locations, storing it in ground piles and loading it into ships. CN also will continue to explore potential licensing options for CanaPux and identify potential customers.

Meanwhile, CN also announced today it will acquire 200

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new locomotives over the next three years from GE Transportation. The order includes Tier 3- and Tier 4-compliant Evolution™ Series locomotives equipped with GE Transportation's GoLINC™ platform, Trip Optimizer™ system and Distributed Power LOCOTROL® system.

The locomotives will be produced at the GE's Fort Worth, Texas, plant beginning in 2018. The first units are slated for delivery sometime next year, with the balance to be delivered in 2019 and 2020.

"We are bullish on the North American economy and on our ability to compete and win new business with our superior service model. In the years ahead, these GE locomotives and their digital technology will support and enhance our operational efficiency," said CN President and Chief Executive Officer Luc Jobin.

Progressive Railroading 12-26

GE to Sell Erie, PA Facility

CHICAGO – General Electric announced plans on Monday to focus on three core industries – aviation, power, and healthcare – leading to the sale of its GE Transportation division and its locomotive product line within two years, the Chicago Tribune reports.

"Today, GE announced that it will divest the Transportation business from its portfolio. The Company is in the early stages of this process and exploring a multitude of possibilities that may include, among several options, creative approaches used to transition GE's Consumer Finance business into Synchrony Financial or models like the Baker Hughes and GE Oil & Gas merger," spokesman Tim Bader tells Trains News Wire. "This move is in line with GE's broader efforts to divest \$20 billion in assets over the next few years. The Transportation business remains committed to building on its strong culture of innovation, deep domain, world-class technology and digital solutions in a way that best positions the business for growth."

In July 2017, GE announced that it would shift all locomotive production to Fort Worth, Texas, by the end of 2018, ending production at its famed Erie, Pa., works. In October 2017, GE named Rafael Santana, one-time president and CEO of GE Latin America, as president and CEO of Chicago-based GE Transportation, effective Nov. 1. *TRAINS On-Line 11-13*

Illinois Higher Speed Rail

Amtrak should begin high-speed service between Chicago and St. Louis this summer, the result of a \$2-billion project that is in the final phase of construction.

Amtrak is expected to operate passenger services at speeds up to 90 mph, with track speeds of 110 mph to operate in 2019. Work remains on the Union Pacific-Third Street corridor in Springfield, Ill.

The project is set to be completed on time and on budget, according to Illinois Department of Transportation Secretary Randy Blankenhorn.

Federal funding totals \$1.65 billion of the final cost with Illinois covering about \$300 million. Amtrak is currently limited to 79 mph between St. Louis and Chicago. A segment between Pontiac and Dwight, Ill.,



has operated demonstration speeds of up to 110 mph beginning in the fall in 2012. The project also aims to improve Amtrak's on-time reliability, in an effort to increase ridership. *Editor: Remember, \$21 million per minute gained.*

NRHS and Local 2018 Dues Payment.

For those of you that are NRHS members you will be getting a notice about paying for 2018 dues. The NRHS has changed providers of this service and we will be getting information sometime this month on the process for renewal. For NRHS members this will be completed on line but they will also accept checks and PayPal with the new system.

For your local renewal we are sending out the renewal notice and for 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.

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

Photo of the Month



For a few weeks this late fall CSX assigned MP15T #1213 to Danville and it ended up on the local working north to Hoopeston and Milford. Photo by Doug Nipper with the southbound returning to Brewer crossing Liberty Lane