

# DANVILLE FLYER

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## North Baltimore Intermodal Days Numbered

JACKSONVILLE, Fla. — The days of CSX Transportation’s hub-and-spoke intermodal strategy are drawing to a close. The railroad aims to end container sorting at its busy intermodal terminal in North Baltimore, Ohio, by Nov. 11. And CSX will not build the Carolina Connector, a similar \$270-million terminal planned for Rocky Mount, N.C., Trains News Wire has learned.

The railroad also pulled out of the long-sought project to raise clearances in the Howard Street Tunnel in Baltimore. The tunnel is a barrier to double-stack service to and from the Port of Baltimore, as well as on CSX’s Interstate 95 Corridor linking New Jersey and Florida. The developments are part of CEO E. Hunter Harrison’s drive to improve efficiency and profitability.



The Northwest Ohio Intermodal Terminal was the second-busiest on CSX last year, lifting more than 809,000 containers — or 29 percent of all intermodal moves on the railroad. Nearly all of the volume involved sorting containers between trains, plus block-swapping.

In October, CSX began diverting traffic from the terminal by dropping intermodal service between low-volume origins and destinations both on and off the CSX system. Now CSX is focused on moving high-volume lanes away from North Baltimore, according to people familiar with the situation. It’s also moving some intermodal traffic into the merchandise network. The Carolina Connector was not proposed as an identical twin of North Baltimore, which was built almost exclusively as a sorting hub with very little local traffic in mind.

The Rocky Mount terminal was being designed to access the fast-growing Mid-Atlantic market, and 60 percent of its volume was projected to be local traffic. The balance was going to be container sorting and block-swapping that would build the density required to serve smaller markets as part of the hub-and-spoke strategy.

Construction at Rocky Mount was set to begin in 2018. Subsequent expansion was to push its capacity to 500,000 loads annually, CSX officials had said. CSX would not confirm that Harrison has scuttled the Carolina Connector. It was not immediately clear whether the removal of the hub-sorting volume was a factor in killing the project. North Carolina transportation officials say they were unaware of the cancellation.

The demise of the terminal will leave a hole in CSX’s intermodal map in the Carolinas, says Larry Gross, an analyst with FTR Transportation Intelligence. Gross had applauded CSX’s hub-and-spoke strategy to gain new intermodal traffic. Other analysts suspected that the time and expense incurred at a sorting hub such as North Baltimore reduced the profitability of CSX’s intermodal traffic. And that means it doesn’t fit into CSX’s plans.

The \$425 million Howard Street Tunnel clearance project was envisioned as a public-private partnership that would have relied on a combination of federal, state, and railroad

*(Continued on page 4)*

Nov 19—MONTHLY MEETING at Jocko’s on Williams Street, 1:00 PM—program by Jim Hile.

Nov 19 Peoria - Peoria Trainfair. Illinois Central College, Rt 24, 1 mile east of Rt 116, East Peoria. 10-3. Ron 309-369-3515

Dec 2nd—Operating session at Rossville beginning around 1:00 PM.

Dec 3rd—Annual meeting and luncheon at Jocko’s on Williams Street, 1:00 PM. Rick Schroeder will present the program.

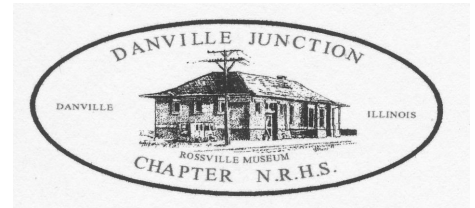
Jan 6, 2018—Operating Session at Rossville—check the weather for this one on.

NO DECEMBER ISSUE OF THIS NEWSLETTER

## 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 2017—our 49th Year

- Doug Butzow— President
- Open – 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



## CN and NS to Interchange Trains Outside of Chicago Terminal

CN's and Norfolk Southern's recently launched joint interline service initiative for carload traffic is reducing transit times by one to two days between Western Canada and NS destinations in the Eastern U.S., chiefly through bypassing Chicago.

CN and NS are interchanging two eastbound and two westbound manifest trains daily through greater Chicago, connecting CN's network in Western Canada and NS' network in the Eastern U.S. Traffic is interchanging at NS' major rail yard in Elkhart, Ind., avoiding extra handlings in the Chicago terminal.



“This seamless interline service, established in August, allows freight to bypass traditional interchange points in Chicago, in favor of using the most efficient existing CN and NS routes,” the railroads said in a joint statement. “The service has reduced transit times by up to 48 hours, providing

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## 2017— October Meeting Minutes

The meeting was called to order at 1358.

The minutes of the previous meeting were in the newsletter and were approved.

The treasurer's report shows income of \$310 and expenses of \$1047 for the last month. The largest expenses were for building rental (\$600), internet service and utilities. Balance as of 10/12 I \$4295.66.

The motorcar is waiting for welding to be performed. It is likely that \$300-400 in parts will be required soon for the next phase of repair. It was indicated that the car would probably be stored at Monticello when completed.

Rick Schroeder, Doug Butzow and Dick Brazda attended the joint MP – C&EI Historical societies meeting in Mt. Vernon, IL. The conference was enjoyable. It included a visit to the Crab Orchard & Egyptian Rwy. for photos of the their locos.

Dave Sherrill attended the Wabash Society meet at Bellevue, OH. Following that he visited Marion, OH.

Jim Hile will provide the program for November, with rick Schroeder presenting in December. Elections are also due at the Nov. meeting.

Doug Nipper reported the new lock on the door at Rossville is now in operation.

Henry reported on visiting the Nat. RR Museum in Green Bay, Wis. He also mentioned a presentation on Fountain County RRs on Sunday, Nov. 5 at 1 pm Central time. It will be held at the Covington United Methodist Church.

The next operating session is scheduled for Saturday, Nov. 4.

The meeting adjourned at 1418.

Doug Butzow presented pictures that he and Lincoln took on a summer tour of Kansas, New Mexico, Arizona and Utah.

Jim Hile is scheduled to give the November program.

### A Word from Our President—Doug Butzow

It has been a pleasure to serve as your President since the resignation of Allen Cooke last May when he moved to North Carolina. While it has only been a few months, the show must go on as they say and thus it fell to me as Vice-President to carry on for the balance of Allen's term.

Our upcoming November meeting will see the election of officers for the upcoming year. Please come to the meeting and vote if you are able. Also, if you are an NRHS member you are eligible to be an officer. It is always good to see new faces and ideas make their way to the elected officers, so if you have the time and the interest to be an officer for the upcoming year, please consider running for a position.



Early next month will be the annual meeting followed by our regular winter meetings through May when we do not officially meet for the summer months. I am sure that Dave Sherill, program chairman, is still looking for individuals to provide programs for the 2018 calendar year. Please help Dave fill in

the openings that still remain.

I am sure the Treasurer will greatly appreciate a timely response to the recent dues mailing for local membership. It will ease his job tremendously if we all remit our dues as soon as possible, so that he does not spend an excessive amount of time sending out follow up notices. As in recent years, NRHS members will have to remit those dues on their own as has been directed by the NRHS for this year.

Due to the efforts of Doug Nipper & Travis Hunt and the monetary contributions of several more chapter members, substan-

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funding.

Maryland Transportation Secretary Pete Rahn said CSX's decision to back out was "both surprising and incredibly troubling."

"This is an essential project for the Port of Baltimore, Maryland, and the entire East Coast," Maryland Gov. Larry Hogan said in a statement in December 2016. "Reconstructing the Howard Street Tunnel will create thousands of jobs, open up new trade lanes for the port and improve overall freight rail service across our nation."

CSX says the tunnel project is no longer a priority, even though the railroad would only shoulder roughly a third of the cost.

"Given the operating changes that CSX's new leadership team has made over the last several months, and upon an updated evaluation, we determined that the Howard Street Tunnel project proposal no longer justifies the level of investment required from CSX and our public partners at this time," says CSX representative Christopher Smith.

"Intermodal is an important part of CSX's business and we are committed to supporting the freight rail needs of our customers and the Port of Baltimore through frequent, reliable, on-dock service," Smith says. "This business decision is in no way a reflection on the leadership of Gov. Hogan, who has supported this initiative to the greatest degree possible on behalf of the businesses and citizens of Maryland. CSX appreciates the partnership we have developed with the state and we look forward to continuing the dialogue with our partners about our new operating plan."

CSX had been prepared to spend \$145 million, while Maryland had earmarked \$125 million for the project. Maryland officials in December applied for a \$155-million federal Fastlane grant, then reapplied this summer after the Trump administration changed the program requirements.

CSX said in 2016 that the project, if funded, would remove additional trucks from highways and create more than \$640 million in benefits to 25 eastern states. A spokeswoman for the Maryland governor's office did not return an email seeking comment.

It is not clear what direction CSX will take with its intermodal network as Harrison rolls out Precision Scheduled Railroading across the system.

This much is clear: The railroad has not closed any intermodal terminals that originate traffic, despite scaling back hundreds of lanes. And CSX is relying much more on inter-

modal block-swapping, both to increase efficiency and to replace the sorting performed at North Baltimore.

Analysts expected the railroad to provide details on its intermodal strategy at an investor day, but the Oct. 30 event was postponed after management changes were announced on Oct. 25, including the pending departures of CSX's chief operations and marketing executives.

The Northwest Ohio Intermodal Terminal opened to much fanfare in 2011 as the \$175-million centerpiece of a new intermodal strategy that included sorting containers for Chicago interchange, as well as smaller markets such as Louisville, Ky.; Columbus, Ohio; and Detroit. As recently as July, CSX executives said North Baltimore was a proven concept that would be extended to the Carolina Connector. Executives also had discussed the potential for adding a third intermodal sorting hub near Atlanta.

After it lifts its last container later this month, North Baltimore will survive as a block-swapping terminal for Chicago-bound traffic destined for BNSF Railway, Canadian Pacific, and Union Pacific, sources say.

*TRAINS On-Line 11-2*

## GE to Stop Production in Erie, PA

GE officials seek to cut more than \$20 billion worth of businesses from the industrial conglomerate's portfolio within the next two years, the Wall Street Journal reports. Journal reporters cite third quarter earnings statements from the locomotive and jet engine maker which slash the company's cash-flow outlook by \$5- to \$7-billion. GE managers have cut \$1.2 billion in costs from business units so far this year, surpassing the original \$1-billion goal.

In earlier reports, GE CEO John Flannery said that every business unit and business practice is up for review. That includes expensive annual retreats to Florida and a small fleet of business jets, both of which have been cut under Flannery.

Earlier this year, GE Transportation announced it will transition all locomotive production from near Erie, Pa., to Fort Worth, Texas, by the end of 2018, in part as a cost-cutting move. GE representatives said at the time that GE will remain open in Erie producing parts and working on other non-locomotive projects.

*Via TRAINS On Line 10-20*

*Editor: There are other reports that the locomotive unit may be sold off.*

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tial progress is being made on the restoration of the chapter's C&EI motorcar. Upon completion of the restoration it should be good to be able to take a spin down the tracks somewhere where we have permission, whether it be at the Monticello Railway Museum, or elsewhere. Further, the car would make a great icebreaker and draw attention to the chapter if we had it on display at some of the shows that we participate in.

## New UP Heritage Unit

Union Pacific is introducing another heritage locomotive to its fleet, this time in honor of a World War II bomber aircraft downed over Europe.

Railroad officials repainted SD70AH, or SD70AC, No. 9026 as No. 1943, commemorating the year that B-17F Flying Fortress bomber, The Spirit of the Union Pacific, rolled off an assembly room floor bound for the skies over Nazi-occupied Europe. Nazis shot down the aircraft while it and its crew were on a bombing mission over Munster, Germany.

Union Pacific painted the locomotive to honor veterans in all branches of military service and included design elements from each: Air Force silver, a blue stripe from Strategic Air Command, hand-drawn lettering in homage to the B-17's nose art, a Coast Guard safety stripe, Navy battleship gray, and camouflage for the Army and Marine Corps. A prisoner of war-missing in action, or POW-MIA, emblem is painted on the unit's B-end.

The locomotive appeared in San Antonio, Texas, today; and will appear in New Orleans, Oct. 21; North Little Rock, Ark., Oct. 24; Van Buren, Ark., Oct. 25; Fort Riley, Kan., Nov. 6; Omaha, Neb., Nov. 10; and Cheyenne, Wyo., Nov. 13.



## CP and G&W Joint Venture to Ohio

Canadian Pacific Railway (CP) announced a new partnership with Genesee & Wyoming Inc. (GWI) and Bluegrass Farms of Ohio that will open up the Ohio Valley to CP intermodal customers and further extend its reach into key North American heartland markets.

The Calgary-based carrier said it has an exclusive agreement with Bluegrass Farms to use its 90-acre intermodal facility in Jeffersonville, Ohio, on the I-71 corridor, to serve the Columbus, Cincinnati and Dayton markets. The farm consortium will continue to own the facility, and will operate it on behalf of CP. At the same time, CP has also come to an agreement with GWI, which services the site through its Indiana & Ohio (IORY) line.



"Through strategic partnerships and innovative thinking, we are expanding our reach and increasing optionality for our customers," said Keith Creel, CP president and chief executive. "This service allows our international intermodal customers to come through the Port of Vancouver and access markets deep in the Ohio Valley. The unique site also creates better round-trip economics for our customers by enabling the empty containers to be re-loaded with agriculture products and shipped back overseas."

The Bluegrass facility can handle intermodal and bulk shipments, and transloading services of bulk agricultural products into containers. The secure site also features extensive container and trailer storage and room to expand, CP said.

"Our partnership with Canadian Pacific is an excellent example of how short line railroads can extend the reach of the Class 1 network," said Jack Hellmann, GWI chairman, president and chief executive. "This intermodal terminal not

only offers a new rail option to and from the Ohio Valley, but was purpose-built to provide backhaul opportunities that will enable customers to reduce overall transportation costs



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customers more efficient delivery to final destinations.”

“Together, CN and NS have re-engineered our Chicago connections to provide shippers with a new superior-service shipping option,” said Norfolk Southern Chairman, President and CEO Jim Squires. “Customers on both railroads are seeing faster and more reliable service, benefitting their supply chains.”



“Through collaboration, CN and NS are bringing more efficiencies to the supply chain as we deliver higher and more reliable levels of service to our customers,” said CN President and CEO Luc Jobin.

CN and NS said they “continue to explore adding traffic to the new interline service.”

*Railway Age 10-30*

## Vermilion Valley Motive Power

OLIN, Ind. — The Vermilion Valley Railroad has repainted former Erie Mining Co. F9A No. 4210 in Erie Mining yellow and maroon colors. The work was done by the railroad at its shop in Olin, Vermilion Valley Trainmaster Jim Montgerard tells Trains News Wire. Former Erie Mining employee and historian Doug Buell assisted the railroad in obtaining the proper paint color numbers and Erie Mining logo.

Because the unit operated on a private railroad, the Vermilion Valley has had to make several modifications to make it compliant with federal regulations, such as installing an emergency brake valve in the cab, Montgerard said. He expects to install new windshields with FRA safety glass soon.

The railroad brought the unit into its shop and began replacing rusted-out side panels. The original plan was just to paint the panels, but they looked so nice “we decide to paint the whole works,” Montgerard said. No. 4210 was one of 11 F-units (five A’s and six Bs) built for Erie Mining by EMD in 1956. They were used to move taconite pellets over Erie’s 74-mile private railroad built in the mid-1950s to connect the taconite processing plant at Hoyt Lakes, Minn., with an ore dock at Taconite Harbor on the North Shore of Lake Superior. No. 4211 was built in May 1956 as No. 101.

Originally, it wore a blue paint scheme with a silver band,

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and enhance their competitive advantage.”

“We are excited to be working closely with CP and have always believed that this is the perfect site to not only reach into the Ohio Valley with imports, but to deliver high-quality, sustainable agricultural products back on the export side,” said Dave Martin, president of Bluegrass Farms of Ohio.

Bluegrass Farms is a soybean producer based in Jeffersonville, and is a subsidiary of Japan's Mitsui & Co. (U.S.A.), Inc.

## CANADIAN PACIFIC

Canadian Pacific sees the new ser-

vice as the latest in a suite of options to better meet the needs of the marketplace; it also leverages its one-off live-lift operation at Portal, North Dakota and its daily service between Vancouver and Chicago.

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but beginning in October 1963, Erie Mining began repainting its diesels yellow with a maroon band. In 1970, the company re-numbered its locomotive fleet and the F9s received 4200-series numbers. Their roofs were painted black beginning in 1975.

This is the scheme the locomotive now wears on Vermilion Valley.

In May 1986, LTV Steel Corp. bought Erie Mining, and in February 1987 the name was changed to LTV Steel Mining Company. LTV continued to operate the Fs, and the fleet survived intact until 1997, when four units, two As and two Bs, were destroyed in a runaway accident at Taconite Harbor.

After LTV shuttered the Hoyt Lakes plant in 2001, the re-



Vermilion Valley 4210 along with Chesapeake & Indiana 5115 and Camp Chase 4618 pose for photographer at Foster, Indiana on Saturday November 4th. Rick Schroeder photo

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maining seven units were stored. There followed periodic movements over the railroad using the Fs in 2004, 2006, and 2008. F9A No. 4211 and F9B No. 4222 were donated to the Lake Superior Railroad Museum in Du-

luth, Minn., for preservation. Indiana Boxcar's Vermilion Valley acquired the remaining two F9As, Nos. 4210 and 4214, in 2014. They were moved to Indiana in early 2015. The units were acquired at the behest of Indiana Boxcar President R. Powell Felix to prevent them from being scrapped. The remaining three F9Bs were scrapped at Hoyt Lakes in December 2014.

The railroad operates 5.9 miles of track from Olin, Ind., to Danville, Ill., where it connects with CSX

*TRAINS On-line 11-3*



Members Travis Hunt, left, and Jim Montgerard, right, the proud restorers of VV 4210. R Schroeder photo

## Rail Traffic

Total U.S. rail traffic for the week ending Oct. 21 was 559,989 carloads and intermodal units, up 3% from the same week a year ago, according to the Association of American Railroads. Traffic totaled 268,943 carloads, up 0.2%, while intermodal volume was 291,046 containers and trailers, up 5.6%, and a record for a single week.

Five of the 10 carload commodity groups tracked by AAR posted gains on-year led by metallic ores and metals, 15.4%; nonmetallic minerals, 10.3%, and chemicals, 7.3%. Decliners included grain, 9.2%; motor vehicles and parts, 8.6%, and coal, 4.2%.

For the first 42 weeks of 2017, U.S. railroads reported cumulative volume of 10,909,100 carloads, up 3.6%, and 11,293,191 intermodal units, up 3.7%. Combined U.S. traffic was 22,202,291 carloads and intermodal units, an increase of 3.7% on-year.

North American rail volume for the week on 13 reporting U.S., Canadian and Mexican railroads totaled 368,095 carloads, up 1.8%, and 374,525 intermodal units, up 7.6%. Com-

bined weekly traffic totaled 742,620 carloads and intermodal units, up 4.6%. North American rail volume for the first 42 weeks of 2017 was 29,450,729 carloads and intermodal units, up 5% from 2016.

Canadian railroads reported 82,913 carloads for the week, up 5.9%, and 70,492 intermodal units, up 15.4%. For the first 42 weeks of 2017, cumulative volume of 6,099,307 carloads, containers and trailers was up 11.2%.

Mexican railroads reported 16,239 carloads for the week, up 8.7%, and 12,987 intermodal units, up 13.6%. Cumulative volume for the first 42 weeks of this year was 1,149,131 carloads and intermodal containers and trailers, up 0.9%.

*Railway Age 10-30*

## 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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The railroad is also expanding its Asia sales and marketing presence with key positions in China and Singapore.

"We are putting more dots on the map, expanding our reach and working with current and potential customers to sustainably grow our business and theirs," Creel said.

*Editor: About the time CP and G&W announced this new plan to move traffic into central Ohio CSX announced that they would curtail intermodal service to some Ohio cities. This is service that is marginal and much of which was Ohio and Midwest service to Florida. Note the other article about North Baltimore intermodal facility cutback. At the same time there is less traffic through Danville.*

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**We're on the Web!**  
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## Photo of the Month



Vermilion Valley 4210, ex Erie Mining 4210, just out of the paint "booth" at the VV shops near Covington, Indiana a few days before its public debut at Foster, Indiana. Photo by Doug Nipper