

DANVILLE JUNCTION CHAPTER

NATIONAL RAILWAY HISTORICAL SOCIETY

P.O. BOX 1013

DANVILLE IL 61834-1013

“THE DANVILLE FLYER”

FIRST CLASS MAIL

DANVILLE FLYER

A PUBLICATION OF THE DANVILLE JUNCTION CHAPTER, INC, NRHS

The *DANVILLE FLYER* is published monthly by the DANVILLE JUNCTION CHAPTER of the NATIONAL RAILWAY HISTORICAL SOCIETY for its members and other interested persons.

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 anyone having an interest in any aspect of railroading. Dues per year are \$15.00 for Chapter membership in addition to \$17.00 for NRHS membership. Meetings are held on the third (3rd) Sunday of each month (except June, July, August and December) at the Pizza Inn Restaurant, Gilbert Street (Illinois Route 1) and Williams Street, next to Conrail, in Danville, IL, with lunch beginning at 1:00 PM Central Time followed by meeting and program.

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MUSEUM DIRECTOR: Robert Gallippi

HISTORIAN: Jesse Bennett

EDITOR: Richard M. Schroeder - Rickschro@aol.com PUBLISHER: Allen Cooke & Doug Nipper

P.O. Box 1013

Cooke Business Products, Inc.

Danville, IL. 61834-1013

John Cooke Sr., Honorary Member

MEMBER: Illinois State Historical Society - Illinois Association of Museums

Visit our Chapter WWW Home Page On-Line - <http://www.prairienet.org/djc-nrhs/>

Volume 31

May 1999

Number 5

Coming Events

May 15 & 16, 1999

Work session on Saturday, Meeting and work session on Sunday — both at the museum in Rossville. Next meeting at the Pizza Inn will be in September. See article this issue.

First Saturday of each month — May through October, 1999

Chicago and Eastern Illinois Historical Society museum room open in the depot at Watseka, Illinois — noon to 4 PM.

May 22 & 23, 1999

Work session at Depot Museum in Rossville. Noon to 4 PM each day, or earlier if you make it.

May 24, 1999

Meeting of Vermilion County Historical Societies at the Oakwood United Methodist Church, Oakwood, IL — 7:00 PM.

June 6, 1999

Wheaton, IL - Great Midwest Train Show, DuPage County Fairgrounds, 10-4

June 12 & 13, 1999

St. Charles, IL - 23rd Annual Midwest Railroad and Transportation Show, Kane County Fairgrounds, 10-4.

June 26 & 27, 1999

Galesburg Railroad Days — exhibits, swap show, classic cars, railroad equipment displays (including equipment from Monticello Railway Museum)

July 28 - August 1, 1999

Chicago Area Garden Railroad Society, Garden Railway Convention

July 3, 1999

Monticello, Illinois — Fireworks Trains

August 14 & 15, 1999

Monticello Railway Museum, Caboose Days, Wabash 2824 should be on the train and we will staff both days.



Next Meeting

The next meeting will be Sunday, May 16 at the museum in Rossville. Note the change in location, this will be a work session to get the museum ready for opening day.

As a special incentive for you to attend, the chapter will furnish pizza and drinks. We will start at noon and will order pizza around 1 PM. If you will be late call Allen Cooke to put your reservation in. Remember, railroaders like pizza and it will disappear fast.

There is a lot of cleaning to do as well as cleaning up the grounds. Some painting is required and you will note work sessions have been set for the Saturday before the meeting as well as the weekend after. We need to get the model railroad running again.

MEETING - this will be the last meeting this spring with the next one back at the Pizza Inn in September.

PROGRAM — You will be the program this month. Wear your work clothes and come to help out on the building. For outside work we need trimmers for tree limbs, rakes for the yard and shovels to dig out some weeds and unwanted trees.

Wabash Caboose 2824

Over the past month members of the Chapter have been working on the caboose at Monticello. Doug Butzow led the group and got much of the early work started. We removed the windows from the copula, removed rotted ceiling from the interior and did some metal work to the outside. New gaskets and windows were installed in the copula. New wood was placed in the interior over the conductor's desk and above the refrigerator. In addition we painted the interior to get it ready for the summer season at Monticello.

We what to thank Doug Butzow, Jesse Bennett, Doug Nipper, Bill Darner, Bill Pearson, Dave Sherrill, Bill Wright, Rick Schroeder, Randy Rippy and members of the MRM staff for their help in getting 2824 back into service. Next year we plan to paint the outside of the caboose. Remember, 2824 was 50 years old in March.

Amtrak checks out Louisville route

Possible future express business was also behind Amtrak's inspection April 19 of the Indianapolis-Louisville route. The track, operated by short line Louisville & Indiana, once was the Pennsylvania Railroad's route to Louisville, and in the 1970's hosted Amtrak's Floridian passenger train. The inspection train utilized some equipment from the Chicago-Indianapolis Hoosier State passenger train.

TRAINS On-Line, 4/21/99

Amtrak to return to Oklahoma June 14

Amtrak passenger rail service, absent from Oklahoma since the October 8, 1979, discontinuance of a weeklong Newton (Kans.)-Fort Worth remnant of the Chicago-Houston Lone Star, will return to the Sooner State effective June 14, with daily service between Oklahoma City and Fort Worth, over the same route as before, now owned by Burlington Northern Santa Fe.

The train will leave Oklahoma City about 8 a.m., arriving in Fort Worth about 1:30 p.m., and will return north about 4 p.m., arriving in Oklahoma City after 8 p.m. Estimated cost of a ticket is \$30 one-way. The train will leave each day from the old Santa Fe station in Oklahoma City and stop in Norman, Purcell, Pauls Valley, and Ardmore, Okla., and Gainesville, Texas. Connections at Fort Worth with the Chicago-San Antonio *Texas Eagle* are envisioned.

Oklahoma hopes to make between \$1 million and \$2 million a year in passenger fares, which will be used to help pay the

state's subsidy for the service. The train will have four passenger cars, including a dining car, probably refurbished former Santa Fe hi-level cars. Amtrak made a proposal to include service from Oklahoma City to Tulsa along the former Frisco (later BN) route the state purchased, but this route has slow track and would require three hours' schedule for the 115 miles. The State of Oklahoma has talked with Amtrak about using a more roundabout BNSF route via Pawnee and Perry, but Tulsa officials appear to be more interested in getting a direct connection from Tulsa to Kansas City.—Friends of Amtrak

TRAINS On-Line, 4/21/99

Amtrak adds Thru- way buses

Amtrak continues to add to its network of dedicated Thruway Buses that connect with trains. Effective May 1, there will be a Thruway Bus connecting with the *Texas Eagle* to and from the north only, between Little Rock, Ark., and the country music theater center of Branson, Mo. On the same date, the existing Longview-Houston (Texas) Thruway Bus meeting the *Eagle* will be extended to Galveston.—Friends of Amtrak

TRAINS On-Line, 4/21/99

Canadian Pacific Railway

Export Decline Causes Extended Summer Shut- down of CPR's Ogden Shops in Calgary

CALGARY, April 22—Declining exports of grain and coal, coupled with the recent acquisition of 350 new high-powered locomotives, will result in extension of the normal one month summer closure of Canadian Pacific Railway's Ogden shops in Calgary to a six-month shutdown affecting approximately 500 employees, it was announced here today.

The shutdown will be from the end of June through the end of December 1999 with all

employees subject to recall early in the new year. Some maintenance staff, employees involved in component manufacturing and employees involved in third party sales production will continue to work during the shutdown.

During the shutdown, unionized employees will be protected under the terms of contracts negotiated with their union, the Canadian Auto Workers Union (CAW).

“We’re extending the shutdown of our heavy repair facility to compensate for the impact of the Asian situation which has seen a 24% reduction in grain traffic and an 11% reduction in coal traffic,” said Rob Ritchie, President and Chief Executive Officer, CPR. “We have enough locomotives and rail cars to handle current and anticipated demand for the remainder of the year and we will be bringing our people back when the need for heavy repair work picks up.”

Grain sales in 1999 have been so low that the railway currently has 4,500 cars (the equivalent of 80 kms of cars) temporarily stored in various locations on the prairies so that they can be moved into position quickly when sales pick up. The railway also has 2 coal unit-train sets stored to compensate for significantly reduced coal exports through Vancouver. With new lower-maintenance locomotives being brought into service, the railway is tying up 100 older locomotives, as well as returning its 85 leased locomotives.

Via Transport News 4/22/99

Conrail Shared Assets Areas’ locomotives to remain blue

Although Conrail locomotives are being renumbered to fit into the rosters of CSX and Norfolk Southern and will wear new reporting marks, not all of the “Big Blue” fleet will see CSX’s gray, blue, and yellow paint or NS’s black-and-white. The 138 locomotives that CSX and NS have assigned to the Shared Asset Areas—where Conrail will survive after the June 1 “Day

One” split to provide local and yard service for its new owners—will remain in Conrail blue, complete with the Conrail logo, says CR spokesman Bob Libkind.

The “new Conrail” roster is heavy on switchers and low-horsepower units and light on high-horsepower road units. The big exceptions are the 11 ex-Erie Lackawanna SD45-2’s—the oldest road power left on Conrail—that will roam the North Jersey and Philadelphia-South Jersey shared asset territories. The two Jersey areas are assigned 111 units: 12 GP15-1’s, 46 B23-7’s, 2 GP40-2’s, the 11 SD45-2’s, 11 GP38’s, 11 GP38-2’s, 11 SW1001’s, 4 SW1500’s, and 3 SD40-2’s. The Detroit shared asset area is assigned 18 GP15-1’s, 3 GP38-2’s, 2 SD40-2’s, and 4 SW1500’s.

On March 12, the first of 1108 Conrail units to be renumbered into the NS fleet emerged from the shop at Enola, Pa.: SD50 6715, which came out as PRR 5409, a number last worn by an Alco RS3 and, before that, a K4s4-6-2.

Technically, NS and CSX won’t own any Conrail locomotives. They’ll be owned by the shared assets Conrail and the two new subsidiaries, Pennsylvania Lines LLC (PRR), which goes to NS, and New York Central Lines LLC (NYC), which goes to CSX. The names are both a nod to history and a rough parallel of how Conrail territory is being carved up.

Locomotives going to NS are being prepared just like CR 6715, with new number boards and a vinyl decal affixed to the cabsides, bearing the new number and PRR initials. Although Conrail freight cars destined for CSX wear NYC reporting marks, locomotives will sport CSXT initials, CSX says. As of March, CSX expected to begin renumbering its 802 Conrail units after June 1 when they come in for their 90-day maintenance, and did not expect to fully repaint any CR locomotives until they’re in for heavy work. NS expects to have all its Conrail units repainted within 5 years.—Bill Stephens

TRAINS On-Line

Amtrak, NS reach agreement on Triple Crown for Northeast Corridor

Amtrak, expanding its cooperative working relationship with Norfolk Southern to tap the booming demand for mail and express shipping service, has reached a memorandum of understanding with NS affiliate Triple Crown Services, that will govern access to the Amtrak-owned Northeast Corridor and Keystone lines for TCS RoadRailer vans hauled on NS freight trains.

The pact is expected to generate millions of dollars in new commercial revenue annually for Amtrak, enable TCS, heretofore a joint venture between NS and Conrail, to offer improved schedules between the Northeast and markets in the Southeast and Midwest, and facilitate efforts by both companies to capture larger shares of the express market.

Amtrak and Triple Crown agreed to share use of RoadRailer multi-modal trailer-handling facilities at Portside Yard in the Port of New York and New Jersey and at facilities in Harrisburg and Philadelphia. The pact establishes the fees and operating conditions for moving TCS RoadRailers on the Northeast Corridor between northern New Jersey and Washington, and on the Keystone Line between Harrisburg and Philadelphia. Use of the NEC will provide TCS with improved access to markets in the Northeast and Mid-Atlantic regions. NS acquired operating rights on the Northeast Corridor through its joint transaction with CSX to acquire Conrail.

The RoadRailer movements will be primarily during overnight hours on the Corridor when passenger trains are at a minimum. The pact establishes minimum annual fees that TCS will pay Amtrak. TCS expects to develop expanded RoadRailer handling capabilities in Harrisburg, and Amtrak plans to develop a similar facility at its 52nd Street Yard in Philadelphia. Each company will have access to these facilities, and Amtrak gains access to NS’s Portside Yard for mail and express business.

CN announces new corporate structure in regard to IC acquisition

Canadian National Railway announced April 14 a new corporate structure designed to focus operations and marketing on customer needs and growth while securing the efficiencies of its pending merger with Illinois Central. The reorganization, effective May 1 in Canada and July 1 in the U.S., will capture merger efficiencies by consolidating the finance and general and administrative functions and marketing business units of CN and IC; establish a single network operations center; create five new geographic divisions headed by senior officers; give officers in the field new authority to meet local customer service needs and to control costs; and create divisional sales forces to expand local accounts and to develop new business from medium-sized shippers.

Said Paul M. Tellier, CN president and CEO, "The new organization will produce a strong, North American network benefiting from centralized strategic leadership and standards, as well as economies of scale. At the same time it will empower field-level managers and new divisional sales forces, giving them greater autonomy to serve shippers, and to respond to local market opportunities. Importantly, more officers will have expense and revenue management responsibilities."

The reorganization affects management employees and will require some to assume new responsibilities or relocate. The CN-IC merger won approval of the U.S. Surface Transportation Board in a unanimous vote March 25; STB is scheduled to issue its written merger decision May 25. That decision, reflecting the March 25 oral vote, is expected to become effective June 24, after which CN will be permitted to exercise control over IC operations and assets. A step-by-step integration of the

two railroads is expected to start July 1.

The network operations center in Edmonton, Alberta, will become the sole such center for CN-IC after July 1. It will be led by senior vice-president, network operations, Jack McBain, who will be responsible for the development and implementation of train service plans, car and locomotive distribution, capital project planning, and priorities and maintenance standards and policies. Train dispatching in the U.S. will not be affected by the establishment of this center.

The five new geographic divisions, three in Canada and two in the U.S., will be: Eastern Canada (based in Toronto), Prairie

(Winnipeg), Pacific (Vancouver), Midwest (Chicago), and Gulf (Jackson, Miss.). The three Canadian divisions will be effective May 1,

the two U.S. divisions July 1. The largest division - Eastern Canada - will be headed by a senior vice-president, the others by vice-presidents. Each of these officers will have responsibility for local account sales, operations of yards, terminals, local switching, and joint facilities, along with the maintenance of infrastructure and equipment.

TRAINS On-Line, 4/21/99

April 30, 1999

32 Days Until Closing Date June 1, 1999

"The Thoroughbred is at the starting gate. In 34 days, we will embark upon a new era of railroading."

With those words to financial analysts in New York on Wednesday, April 28, Norfolk Southern Chairman, President and Chief Executive Officer David R. Goode summarized NS readiness for the Conrail transaction. "After almost two and one-half years," Goode said, "we are finally ready to begin operations on what I believe is the best rail network in the world.

"On the Transportation front, we have

pored over every inch of Conrail's lines that Norfolk Southern will operate in order to unite our networks in the best possible manner. We have examined expected traffic levels over and over again in order to size our equipment and locomotive fleets wisely and safely so that we may provide excellent service for our customers," Goode said.

"The information technology systems that will manage the flows of information over the new system are in the final phases of testing," he continued. "The new and expanded network will be in place and ready for Norfolk Southern to hit the ground running."

Steve Tobias, vice chairman and chief operating officer, reported further on operations transition status, and Wick Moorman, vice president Information Technology, gave details on systems integration.

Highlights of their reports follow.

Operations:

* NS will have in place on June 1 the people needed for successful transition. The new Northern Region will have 976 supervisors, mostly current managers on Conrail, who are participating in orientation training to be completed May 15. Essential safety training for agreement employees will occur during May, and all other training for agreement employees will be provided between June 1 and Sept. 30. "We feel confident that we will have adequate and qualified employees in place on Day One in all areas and crafts," Tobias said.

* Day-One required capital projects are completed and are ready for operation "and will allow us to quickly take advantage of the new strategic routes," Tobias said.

* Equipment allocations are finished. "We are confident that NS' allocation of equipment along with current system and leased equipment is sufficient to meet our service requirements," Tobias said.

* Final field review of the NS operations plan began this week, and final Marketing review of schedules will occur

next week, although the plan will continue to be modified as necessary and as business is awarded. The Northern Region train service plan now includes 247 scheduled road trains and 207 local train schedules.

* "From a customer service standpoint, we are confident we will be able to meet and exceed customer expectations on and after June 1," Tobias said. Many current Conrail employees will handle customer service inquiries on NS on Day One. Conrail transition employees will staff customer service positions in Philadelphia and Pittsburgh in much the same manner as they do today. The NS National Customer Service Center at Atlanta also will be available to address customer matters on both the existing and new NS properties.

Systems:

* Describing the Conrail transaction as "the biggest technology effort in the history of NS," Moorman expressed confidence in the systems' capability to support the new Norfolk Southern.

* "The month of May is reserved for us to test, tune, tweak and practice," Moorman said. Several dress rehearsals for Day-One systems will take place. Some practicing already has occurred.

* Lots of systems work will occur after June 1. The transition of Conrail to NS' general and administrative systems is scheduled for July 1. Then comes the field rollout of transportation systems. Both NS and CSX will phase in transportation systems on a district-by-district basis. Current plans call for Conrail systems transition to be complete in the first quarter of 2000.

* The Conrail transaction generated more than 1,000 IT projects, some 700 of which were required for Closing. At the peak, more than 300 IT people were involved on Conrail projects at NS, Moorman said.

The Corporate Memorabilia Team, headed by Dee Martin, corporate secretary, and Bob Fort, vice president Public Relations, is charged with the division of Conrail's collection of mementos. The collectio

consists mainly of art. The most valuable pieces, Martin said, are six Grif Teller oil paintings, three of which will go to NS.

The team worked with its CSX counterpart to select an appraiser, and, after the items were valued, divide the pieces evenly between the railroads. The next step, according to Martin, is to decide where NS will place its portion of the memorabilia. Possibilities include giving or loaning pieces to museums or strategically placing pieces of interest geographically around the company. The team completed its duties with virtually no stumbling blocks. "Everything about this process has gone smoothly up to this point," Martin said.

Quotable

"Our employees from every corner of the company have logged countless hours in preparation to operate and optimize the performance of this network. The Conrail employees who will be joining us have put forth incredible effort to keep Conrail moving forward over the last two years and want to see the new combined network realize its potential as much as all of us do. I am confident our people and this network are the keys to our success in achieving our vision." - David Goode, NS chairman, president and chief executive officer, in remarks to financial analysts in New York April 28

"This has been the longest-rehearsed play in the history of railroading, but the curtain is about to go up. ... It has been a long-term goal of NS to extend its market reach and further diversify its traffic base. In a rapidly changing world, you either change with the times or suffer the consequences. Our part of Conrail gives us great routes and excellent traffic balance. It is a system that will allow us to take the competitive battle to the truckers in a way we never could before." - Jim McClellan, senior vice president Planning, NS, in remarks to the Pennsylvania Rail Freight Advisory Committee, April 28

Our Joint Heritage

In 1870, the Shenandoah Valley Railroad (SV) was organized as a subsidiary of the Pennsylvania Railroad, a Conrail predecessor, and ran from Roanoke to

Hagerstown, Md. At Hagerstown, the SV connected with the Pennsy-owned Cumberland Valley Railroad (CV), which originated in Harrisburg, Pa.

One of SV's presidents was Frederick J. Kimball, who later served as president of Norfolk Southern predecessor Norfolk and Western Railway (N&W).

Once it was realized that the Atlantic, Mississippi and Ohio Railroad (AM&O) would provide a connection for SV to the rich coal resources of West Virginia, the banking firm of E.W. Clark bought the AM&O, which had been in receivership for about five years. The AM&O was reorganized as the N&W, and general offices were in Big Lick, Va., later renamed Roanoke.

At Roanoke, both N&W and SV used a roundhouse owned by N&W that could accommodate both the standard-gauge tracks of SV and N&W's 5-foot gauge. A car hoist and gauge transfer trucks allowed each railroad to operate over the other's tracks until June 1, 1886, when N&W converted to standard gauge tracks.

In September 1882, N&W bought most of the outstanding SV stock, putting N&W in direct control of SV. The following year, SV's general offices were relocated to Roanoke from Hagerstown. In 1890, SV was sold under foreclosure and reorganized as the Shenandoah Valley Railway. N&W acquired the road in December 1890. The old SV and CV lines will form a key part of the route from Harrisburg to Roanoke on the new Norfolk Southern system.

Norfolk Southern Corporation <http://www.nscorp.com>

Wheel Report

BRC trying to sell its Alcos - Belt Railway of Chicago put up an "Alco Sale" sign at Clearing Yard last month and displayed four of its six heavily ballasted C424's and its lone T6. Except for the handful of Alcos on Iowa Interstate, BRC's Centurys have been the last road-service Alcos in the Chicago area for several years since Canadian Pacific's quit wandering in. Kankakee, Beaverville & Southern, a short line 60 miles to the south, operates Alcos

on its branchline network.

TP&W motive power stabilizes - Toledo, Peoria & Western parent Susquehanna has called home F45 3636, leaving only SD45 3618 on its Midwestern affiliate. A total of nine of TP&W's 19 ex-Santa Fe GP20's were overhauled by NYS&W and repainted in yellow and black; their series is 2050-2066, even numbers only in Susquehanna tradition.

New CSX Trains - On June 1 the former Monon line in Lafayette becomes part of the Indianapolis Service Lane. We understand the following trains come in to existence on "Day 1":

Q 270 Evansville to Avon (Terre Haute 1345 Greencastle 1445 Avon 1600)

Q 642 Avon to Chicago (Avon 0200 Lafayette 0550/0820 Monon 0940 Dyer 1155 Chicago 1400)

Q 363 Chicago to Avon (Chicago 0200 Lafayette 0620/0850 Avon 1420)

Q 599 Chicago to Louisville (no times shown I guess due to the way Chicago operates)

Q 598 Louisville to Chicago (Dale 1900 Lafayette 2230/0100 Chicago 1115)

Q 651 Avon to Evansville (Avon 0100 Terre Haute 0300)

Q 231 Avon to Evansville (Avon 0515 Terre Haute 0700)

Cookie

CSX, NS assign locomotives for "new" Conrail

CSX and Norfolk Southern have designated approximately 150 locomotives to be assigned to the Conrail Shared Assets Areas after Implementation Day, now scheduled for June 1. Conrail will remain an entity to handle the Shared Assets Areas in which dividing up the spoils equally was impractical; they include one from Northern New Jersey through Philadelphia and South Jersey, and an-

other for the Detroit area.

Those to be assigned to the New Jersey-Philadelphia territories will include:

GP15-1 (12 units): 1616, 1629, 1632, 1633, 1637, 1639, 1641, 1644, 1645, 1647, 1658, and 1659;

B23-7 (45 units): 1900, 1901, 1911-1915, 1917, 1918, 1921, 1924, 1927-1930, 1932, 1934, 1935, 1941, 1942, 1944-1948, 1950, 1970, 1973, 1974, 1976-1978, 1981, 1984, 1985, 1987-1990, 1997, 1998, 2005, 2015, 2016, 2018, and 2020;

GP40-2 (2 units): 3338 and 3346;

SD45-2 (11 units): 6654, 6655, 6657-6659, 6661-6666;

GP38 (10 units): 7600, 7732, 7734, 7738, 7745, 7869, 7871, 7876, 7881, and 7896;

GP38-2 (11 units): 8094, 8103, 8104, 8107, 8116, 8121, 8124, 8130, 8134, 8164, and 8230;

SW1001 (11 units): 9402-9404, 9406, 9410-9416;

SW1500 (4 units): 9548, 9607, 9610, and 9616;

SD40-2 (3 units) 6962, 6977, and 6988.

The Detroit territory will be assigned 26 units, including:

GP15-1 (17 units) 1607, 1673-1676, 1678-1687, 1690, and 1691;

GP38-2 (3 units): 7713, 7932, and 7937;

SD40-2 (2 units): 6996 and 6997;

SW1500 (4 units): 9514, 9524, 9565, and 9569.

All units are expected to be renumbered into the fleets of CSX and NS, as unit assignments likely will change from time to time.

Carl Perelman, via Conrail Technical Society



St. Louis Steam Train Association News

"The 'Lady' is back!" The Frisco 1522 moved under steam for the first time since August 1997 on March 27th. The steam train volunteers have turned in over 15,000 hours since the rebuild started in August 1997. The average weekly hours were 250. The total for the week leading up to March 27th was 410 hours.

The 1522 will be moving to Quincy, IL under steam on June 16th. The bearings and other operational indicators will be closely monitored and a close inspection of the running gear will take place.

The destination is Galesburg Railroad Days on June 26th and 27th. While in Galesburg, the 1522 will take Chamber of Commerce trips to Yates City, IL. These will serve as break-in runs and goodwill trips for the Burlington Northern Santa Fe Railroad.

-Al Howe, MD., St. Louis Chapter

Construction Projects

As I prepare this newsletter we are nearing the hour that Conrail will disappear as Class I railroad. Conrail, as far as my company is concerned, has always been Class I with us. We will lose some business but in the long run gain from the split of Conrail. There are a lot of good people that we have worked with since 1994 and many of them will end up at the carrier we work for, CSX and NS. Some will go to our competitor and that will make us work harder to keep the business. Over the past year we have been told that my firm, WVP Corporation, is one of the best that Conrail uses in the type of work we do. Makes me proud of our company and the people that work for us providing the service to Conrail.

Since the first of March we have added 10 new projects for Conrail. The some of them include Grand Rapids and Ann Ar-

North Carolina Railroad, Norfolk Southern Railway Reach Agreement on Operating and Maintaining 317-Mile Line

RALEIGH, N.C., April 29, 1999 — The North Carolina Railroad Company (NCR) and Norfolk Southern Corporation have signed a memorandum of understanding for Norfolk Southern Railway to continue to operate NCR's 317-mile rail line.

The memorandum of understanding, which will be the basis for a definitive agreement between NCR and Norfolk Southern, calls for Norfolk Southern to pay \$11 million a year for the right to carry freight over NCR tracks, which run from Morehead City to Charlotte. The payments will be adjusted for inflation.

The agreement is for 15 years, with the option to extend the pact for two additional 15-year terms. The Council of State must ratify the final agreement, which will be negotiated in the coming months.

"This is a good resolution for the citizens of North Carolina and for Norfolk Southern," Governor Jim Hunt said. "The railroad is an important engine for economic development and a potential solution to a part of our transportation challenges."

Norfolk Southern Chairman and Chief Executive officer David R. Goode agreed. "We are pleased to be able to continue and build on the historic partnership between our company and North Carolina. As we prepare to expand our system on June 1 to include Conrail, this will enable us to provide our customers the highest levels of service, and we particularly look forward to working with the Governor and his economic development team on operations in North Carolina."

The memorandum of understanding, unlike previous agreements, is not a lease, but instead will involve granting Norfolk Southern with freight trackage rights. That means Norfolk Southern has the right to carry freight and serve customers over the NCR tracks.

Unlike previous agreements, the NCR will retain control of the right of way. That means the state will have the opportunity to develop a plan for inter-city and commuter rail service in the future. The General Assembly would have to appropriate funds to provide passenger service.

NCR President Sam Hunt said that Norfolk Southern will pay approximately \$19 million in back rent for the three years since the previous agreement was voted down by minority shareholders. Sam Hunt said that \$10 million of the back rent funds will be used to upgrade tracks in eastern North Carolina to make that region more attractive to prospective industries.

"In negotiating this memorandum of understanding, we had two goals. First, we wanted to make sure that Norfolk Southern's industrial customers continued to have good rail service," Sam Hunt said. "Second, we wanted to make sure that we had the flexibility to provide for future passenger service on the corridor. We've met both goals."

In 1998, the General Assembly established a reserve fund for the NCR to buy out private shareholders, who had owned approximately 25% of the 150-year-old railroad. The memorandum of understanding provides the basis for a long-term business plan for the railroad, to be presented to the General Assembly. The plan will include a recommendation on how NCR should address a \$61 million loan from the state that was used to buy out the minority shareholders.

NCR's mission is promoting and developing the state-owned railroad property and facilities in ways that will encourage economic development and improve freight and passenger rail services to the benefit of the citizens of the State of North Carolina.

Norfolk Southern Corporation <http://www.nscorp.com>

bor, Michigan to Burns Harbor and South Bend, Indiana, Cleveland and Shreve, Ohio and Beaver County, PA. In addition we completed survey for the realignment of IU Interlocking in Indianapolis. We are designing the new alignment for No. 1 and No. 2 main along with a new lead into the Amtrak Station. Some work will be done now with the rest this fall under CSX.

Norfolk Southern

As many of the projects pass to the hands of NS we will continue working for them on the Conrail jobs. This will add to our workload. In addition, they now have Michigan and Pennsylvania and we will assist them in these states. We have been asked to furnish help in Kentucky and New York, thus spreading our reach to other offices of URS Greiner Woodward Clyde, our parent company.

On the design side the work has slowed due to the Conrail acquisition. However, we will be invited to submit on a 12-mile coal extension north of Pittsburgh, PA in the next 30 days.

CSX

Some projects will go to CSX and a meeting will be held near the end of the month to discuss what we will be doing for them. In addition to the Garrett problem project we are adding a project in Wheeler, Indiana. Their new Manager of Construction Services, a good friend of mine, has indicated he will contact us for construction work on their new system. We have completed the design of the BIDS facility in Lafayette for them and will soon start construction to make room for the relocation project.

My workload has increased and I am traveling more than in past months. By the end of May we will have added 10 more to our staff. Some are for railroad jobs but some are also needed for the highway work we have acquired in the past month. The ICC job will start around June and this summer we will 10 people just for that project.

You may not get a newsletter this summer, so bear with me. We will return in the fall.

Rick