Touchbase

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Roadmap to oil train safety emerging

Politicians and railroaders in both Canada and the U.S. are increasingly sensitive to public worry over the succession of oil train explosions

Now Accepting Applications: Tealinc Spring 2014 Scholarship!

Tealinc, Ltd. is now accepting applications for our annual scholarship! As a company, Tealinc is an adamant supporter of post-secondary education. We have provided over $20,000 in scholarships over the past several years. The applicant must be in or be the child (or dependent) of a person working in the rail transportation industry. One scholarship of one thousand ($1,000) will be awarded to a high-school senior and one scholarship of one thousand ($1,000) will be awarded to an enrolled undergraduate college or trade-school student.

Enroll today! The deadline for this application is March 28, 2014.
Click here for the scholarship application and guidelines.

Railroad & Policy Updates

On Jan. 10, 2014, three days after a string of tank cars derailed from a CN freight train in rural New Brunswick, clean-up specialists summoned from Louisiana attached charges to three un-breached hulls. Containing butane, the cars were considered too risky either to move, or to leave loaded adjacent to the wreck's six other tank cars, still burning their consignments of liquid petroleum gas and crude oil.
Transport Canada, the Transportation Safety Board, and CN did not identify the origin of the crude, other than that two cars of it were loaded in southwestern Manitoba. That would place it atop the Bakken formation of exceptionally light, volatile crude, but it does not prove it to be the same type of oil that exploded in Lac-Mégantic, rural Alabama, and North Dakota.

New Brunswick Premier David Alward and CN CEO Claude Mongeau both hurried to the derailment to assure 250 evacuees that they would be cared for and compensated. Politicians and railroaders in both Canada and the U.S. are increasingly sensitive to public worry over the succession of oil train explosions. The frequency of the mishaps is causing regulators in both countries to act with uncharacteristic swiftness.

Even as the tank cars were being purposely detonated, railway regulators in Ottawa, Canada's capital, issued notice of the first in what is expected to be a series of North American rule changes to transform the way crude oil is managed at the transloading terminals proliferating in the western oilfields. Currently, raw crude is transferred from trucks or pipelines into tank cars, usually without treatment or testing. It is disqualified for transport by pipeline because of its toxic and corrosive gas content. Railroads do not have the facilities pipeline companies employ to test the crude oil that railroads, as common carriers, are required to haul.

Under the new Canadian regulations, rail terminal operators will have to test the crude, and an individual employee will have to personally certify the veracity of the hazmat classifications before common carriers are asked to couple up to shipper-owned tank cars. Terminal operators will have six months to conform to the new regulations, though they have been asked to respect current classification rules in the meantime.

Close readings of the most recent advisories and edicts from Washington D.C. and Ottawa reveal the intended solution to the crisis of exploding oil trains: Crude oil will have to be tested and perhaps treated to remove dangerous gases before hazmat classification placards are affixed to tank cars.

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Removal of explosive, corrosive, and toxic gases could reduce volatility enough to make Bakken crude safe for carriage in new-generation DOT-111 tank cars. And that would return railroading to the days when a spill of crude oil might be expected to make an awful mess and perhaps burn upon exposure to the sparks of a derailment. But it would not blow up.

The big issue now is the pace of reform in the oilfields, and a retirement timeline for the 78,000 older DOT-111 cars the Association of American Railroads wants removed from the rails, or at least retrofitted to new standards. Transport Canada said it will coordinate with the Federal Railroad Administration in establishing a timeline for replacement of the continental tank car fleet.

Learn more at:
http://www.railwayage.com/index.php/safety/roadmap-to-oil-train-safety-emerges-from-tsb.html?channel=60

Mechanical Brief with Steve Christian

I was practically born into the railroad industry. Among the many railroaders in my family, my father was a Journeyman Machinist by trade. He began his railroad career, in the late 1930's, as an "Apprentice Boy." He learned his trade by working all aspects of the craft in a structured program that centered on OJT "on the job training" by working with skilled craftsmen. He advanced from cleanup to tool and part fetching to eventually being trusted with more technical work as his skills improved. After four years of this he was "Set Up" to be a Journeyman. All of the Mechanical Department Crafts worked the same way. Actually it was not a bad system for the times.

On-the-job training: limited resources do not mean that effective training can't be accomplished

Train operation training, back in those days, was not nearly as thorough. Train operations personnel were split into two basic categories. The Brakemen and Conductors were one group and the Engineers and Firemen were the second. New hires were hired as either a Brakeman or a Fireman. They were given a "Book of Rules" (Code of Operating Rules) and went on a student trip. They had to pass a book of rules test to remain employed. There was other training involved but the majority of the training was OJT. Even when I started in the late 1960's train operations training was still OJT. It was a sink or swim proposition for new hires. I recall an article I read back then that ranked Railroad Brakemen as one of the most hazardous occupations.

In modern times, Class I railroads have really advanced the training and safety of their personnel tremendously. Professional trainers and train

Professional trainers use simulators to make the training more complete

simulators make training more complete. The larger regionals, some shortlines and larger industries utilize many of the same techniques as the Class I's. Some even use Class I training facilities to train their personnel.

Most light density shortlines and smaller industries with limited resources usually employ the same training methods used back in the 1960's by the Class I's for their train operations (switching) personnel. OJT (on the job training) is still the backbone of their training. I would venture to guess that accident, injury and death rates for this group are higher than Class I's.

It doesn't have to be that way. Limited resources do not mean that effective training can't be accomplished. The resources you need are available. Tealinc stands ready to put our wide ranging knowledge, experiences and skills to work for you.

Steve Christian is the Manager Value Creation-Railcar Performance Manager for Tealinc, Ltd. You may contact Steve directly out of our Nebraska office at (308) 675-0838 or via email at ***steve@tealinc.com****.*

Railroad Traffic

AAR reports increased traffic for January 2014

The Association of American Railroads (AAR) reported on February 6, 2014 the increased total U.S. rail traffic for January 2014, with intermodal and carload volume increasing overall compared with January 2013. Intermodal traffic in January 2014 totaled 1,183,285 containers and trailers, up 1.3 percent (14,682 units) compared with January 2013. The weekly average of 236,657 intermodal units in January is the highest weekly average for any January on record. U.S. carload traffic totaled 1,345,184 carloads in January 2014, up 0.4 percent (5,183 carloads) over January 2013.

Seven of the 20 commodity categories tracked by the AAR each month saw year-over-year carload increases in January over the same month last year. Commodities with the biggest carload increases last month included grain, up 13.2 percent or 12,141 carloads, and petroleum and petroleum products, up 10.4 percent or 6,777 carloads. Crude oil accounts for approximately half of this commodity category.

Commodity categories with carload declines last month included metallic ores, down 23.5 percent or 7,389 carloads from January 2013, and motor vehicles and parts, down 6.1 percent or 4,158 carloads.

Commodities with the biggest carload increases included grain, petroleum and petroleum products

Coal carloads were down 0.5 percent, or 2,901 carloads, in January 2014 from January 2013. Excluding coal, carloads were up 1 percent (8,084 carloads) in January 2014.

"Railroads are very good at operating their 140,000 mile long, outdoor 'factory floor' in all kinds of difficult weather. That said, in many parts of the country, January took the term difficult weather to new lows, as in low temperatures, for recent years," said AAR Senior Vice President John T. Gray. "We can't quantify it precisely, but the extreme cold probably held down rail traffic to some extent – for example, by making it more difficult

U.S. housing starts maintain strong pace in December 2013

Single-family homes fell 7.0% to an annual pace of 667,000 in December

for rail customers to produce their products and to load what they did produce into rail cars."

Visit the AAR at:
https://www.aar.org/newsandevents/Freight-Rail-Traffic/Pages/2013-02-07-railtraffic.aspx

Industrial Inside

New-home construction retained a strong pace in December 2013, showing the market is broadly improving but remains well below historical averages.

U.S. housing starts decreased 9.8% December to a seasonally adjusted annual rate of 999,000, the Commerce Department said January 17, 2014. But the figure was well above summer levels and exceeded economists' forecast for 975,000 starts in December.

November's pace, revised up to 1.11 million from the previous estimate of 1.09 million, was the strongest in more than five years. However, 2008 to 2012 were the five worst years for housing starts on records back to 1959.

"The upward trend continues, but we're still a long way from what we think of as a sustainable pace," said David Berson, chief economist at Nationwide Insurance.

If younger Americans were leaving parents' homes and creating new households at historical averages, builders would need to create about 1.5 million units per year to meet demand, he said.

December building permits, an indicator of future construction, declined 3.0% to a 986,000 pace. Permits also fell in November.

For all of 2013, housing starts advanced 18.3% from the prior year to 923,400. That marked the strongest year for starts since 2007, the year the recession began. Permits were up 17.5% from 2012 to 974,700, also the strongest reading since 2007.

In the decade before the recession began, builders started 1.7 million homes per year on average.

In December, both single-family home starts and multi-unit structures declined from the prior month.

Single-family homes, a bigger and more stable segment of the market, fell 7.0% to an annual pace of 667,000 in December. Despite the drop, the level was still the second strongest reading in the category since May 2008.

Monthly home construction figures had trended up since the start of 2011 until the early part of last year. However, when interest rate rose sharply in the spring, the pace of building slowed. Rising rates make mortgage payments more expensive for buyers.

The growth came in market such as Austin, TX and Orange County, CA and high-rise cities such as a New York and San Francisco

Mortgage rates stabilized in the fall, aiding home building. In December, the Federal Reserve said it would reduce the size of bond purchases by $10 billion a month, taking a small first step away from a policy designed to boost economic growth. That pullback may have put some upward pressure on interest rates.

The average rate on a 30-year fixed rate mortgage edged up to 4.48% at the end of December from 4.29% in late November, according to Freddie Mac. FMCC -1.97% Rates have mostly held steady so far this year.

The latest data could indicate a pickup in available apartments this year, said Jed Kolko, chief economist at real estate website Trulia. The number of multi-family starts intended for rent in 2013 was the highest in 15 years.

The growth came in markets such as Austin, Texas and Orange County, Calif., in addition to high-rise cities such as New York and San Francisco, he said.

"Since the typical multi-unit building is under construction for a bit more than a year, the jump in rental starts in 2013 means lots of new rentals coming onto the market in 2014," Mr. Kolko said

Read the entire article at:
http://online.wsj.com/news/articles/SB10001424052702304149404579326330271019094

Economy grew solidly in fourth quarter 2013

Financial Focus

The U.S. economy ended the 2013 with solid growth, driven by stronger consumer spending and exports.

Gross domestic product -- the broadest measure of economic activity -- grew at a 3.2% annual pace in the fourth quarter, according to a Commerce Department report. That figure beat economists' expectations, and although it's not indicative of gangbusters growth, the data seems to show the economy is moving forward modestly. GDP rose at a 4.1% clip in the third quarter.

"We've got a good balance, and that's positive for job growth going forward," said John Silvia, Wells Fargo chief economist.

Consumer spending picked up at a 3.3% annual pace, its highest level of growth in three years. The strongest area for spending was food services and accommodation, a category that includes restaurants, bars and hotels. Spending on these services alone grew at a 10.2% annual rate in the fourth quarter, its fastest pace since 1992.

Spending also picked up in almost every other category, including clothing, autos and health care.

Meanwhile, international trade was a large driver of economic growth, as exports grew at a faster clip than imports from other countries.

But cuts in federal government spending continued to weigh on the

Consumer spending picked up at a 3.3% annual pace, the strongest area was food services and accommodation

economy. GDP would have grown at a 4.2% pace in the quarter, if it weren't for federal spending cuts, according to the report.

For the whole year, the economy grew 1.9%, down from a 2.8% growth rate in 2012.

Learn more at:
http://money.cnn.com/2014/01/30/news/economy/gdp-report/index.html?iid=SF_E_River

The Edge

Tealinc Scholarship
Tealinc is a strong supporter of post-secondary education. We've funded approximately $20,000 in scholarships over the past few years to a group of deserving young men and women. If you go to our website www.tealinc.com you can find our scholarship application. We give away two - $1,000 scholarships per year one to a high school senior and one to a current post-secondary (trade school, college, community college, etc.) student. We generally give these scholarships to people within the transportation industry. However we also are pretty liberal in our definition of those within the transportation industry so if you can ride a bike and are interested fill out an application and send it in by March 28, 2014!

Training
We manage railcars and assist with managing rail transportation! That's somewhat like saying we manage chickens (scattered in the wind, running all over)!

We manage these railcars for our own account and for a number of customers that strategically focus on what they do best (manufacturing, mining, distribution, production etc.) while we help them get their railcars to the right place mostly at the right time. Our approach to managing railcars and other rolling stock is to take a collaborative approach. The collaborative approach reaches from analyzing rate structures for loaded or empty repositioning moves, coordinating with production and manufacturing facilities and integrating third party services (cleaning, repair, trans-load) with the customer requirements.

This complex network requires training. Formal training of employees on what role they play in the complex logistics chain often times saves money through optimized commodity transportation, lower cost of inventory and increased sales. Employee knowledge is the best means to meeting your performance requirements necessary to support your overall goals. Proper training empowers employees to make better decisions regardless of the position they hold. Properly trained employees can then also hold third party providers accountable as well extending their influence to a broader more collaborative reach creating additional value for your company.

Training should also include an overview as to the importance of doing the job right, timely and safely within the context of the corporate goals and objectives. Knowing where you fit and that a person plays an important role in the success of a company helps the level of understanding and commitment of employees.

Tealinc has provided collaborative training across a number of industries for rail industrial switching, locomotive operations, mechanics of railcars and locomotives and understanding rail rates and tariffs and their impact on the economics of rail transportation. If we can be of assistance please let us know.

We look forward to earning your business!