Experts Project Improvements In Economy, Legislative Issues & Hardwood Market For 2014

Presenters representing a variety of interests in the wood tie industry were on hand to share their insights at the 2013 edition of the Railway Tie Association’s 95th Annual Conference Oct. 8-11, in Incline Village, Nev.

While there are numerous challenges the industry will surely face in the coming year, there were several bright spots: an improving economy, a hardwood market that is expected to respond to demand in coming months, a commitment to capital improvements from both short line railroads as well as the Class Is, and more.

“This year’s presenters are among the brightest in the industry,” said RTA Executive Director Jim Gauntt. “We learned so much from the experiences, research and data they shared with our attendees.”

Below are excerpted comments from each presentation.

**Economic Outlook**

Beth Ann Bovino, Standard & Poor’s

Manufacturing has returned to the U.S. Business equipment spending saw double-digit gains in 2010 and 2011, and the numbers are not bad for 2012. “Buy American” is no longer a phrase of the past.

Tony Hatch, ABH Consulting

There is future growth potential in intermodal, international and now domestic. Shale/oil is a terrific business opportunity and now outweighs coal in carloads. We’ll see other high-energy use manufacturers come back to the United States.

**Short Line, Regional & Contractors Forum**

Nathan Henderson, RJ Corman

We lost our founder, Mr. Corman, but we’re here to stay. We installed a total of 379,686 ties for 2012 and 2013.

Mike Ogborn, ASLarra, OmniTrax

ASLarra represents 920 Class II and III railroads, and we are an integral part of the rail network. The entire rail network is interdependent on one another. The short lines bought approximately 6.1 million ties just in the United States in 2011. OmniTrax purchased about 100,000 ties in 2012, and it looks like we’ll do the same in 2013.

Brad Lafevers, Atlantic Western Transportation

We currently employ 18 full-time staff, which is up in recent years. We run 10 locomotives and two daily crew starts, but we’re getting ready to go to three. We have 25 customers and look to move 7,500 carloads in 2013.

John August, RailWorks Corp.

Our business model is efficiency in the field and getting the right people into the right places. We like dealing with customers who can make decisions quickly and with a profit motive.

Mike Smith, Finger Lakes Railway

Natural gas is a very definite positive for the industry in our area. It is making the two gas plants in our area much more competitive in the marketplace. We are seeing lower natural gas prices, and the ability of the plants in our area to operate has been significantly enhanced.

Legislative Update

Dan Keen, AAR

August 2013 was the highest intermodal volume in history. It was just shy of 260,000 containers shipped. In October, I am sure we will set a record. Investment is also higher than ever before. In 2012, we had about $25.5 million in capital expenditures.

Keith Hartwell, Chambers, Conlon & Hartwell

On March 13, 2014, we will hold Railroad Day on the Hill, where 315-plus congressional meetings will be held. This is where we usually pick up the majority of co-sponsors we need, and we need everyone who can to be there for the meetings.

Bob Fronczak, AAR & EPA Report

On Sept. 7, 2013, EPA submitted a proposed rule to the Office of Management and Budget that added items to the list of Categorical Non-Waste Fuel that are eligible to be burned in boilers. We understand that the list includes creosote- and creosote/borate-treated railroad ties.

**Tie Life**

Jeff Lloyd, Nisus

We have basically been able to double the life of a crosstie with a dual-treatment with borate. This process also makes sense to also improve the life of a bridge tie. In remedial treatment work, we tested three different concepts and found the less mobile copper naphthenate performed better than diffused borate.

**Hardwood Markets**

Judd Johnson, Hardwood Market Report

In order for a sawmill business model to work, products of multiple species and multiple qualities have to have proportionally multiple markets operating at a high level. I fully believe hardwood supplies will pick up to meet demand, and they will meet demand for crossties specifically.

RTA Business Luncheon

Terry Jones, Chairman, Kayak.com

Turning on a culture of innovation in your whole organization is a must, as the pace...
of change is unrelenting and only getting faster. As leaders, we must establish a culture that is open to change and is committed to innovation as the way to do business.

**Engineering Forum**
Joseph Smak, Amtrak
AREMA will be held Sept. 28-Oct. 1, 2014, at the Hilton Chicago. In 2012, we were sold out with a waiting list, and our technical conference had an excellent list of presenters. If you want to exhibit, make plans now.

**John Cech, BNSF**
In 2013, we have a record capital plan of $4.3 billion. Engineering maintenance capital makes up almost 50 percent of the overall plan. Our 2013 capital plan includes 903 miles of rail relay; 4,172 million ties (most of them wood), which is a 16 percent increase; 650 miles of undercutting; 210 bridge projects; a heavy bridge program; and PTC.

**Manny Loureiro, Canadian National**
We will install between 1.1 and 1.2 million ties next year, primarily wood. But, concrete is competitive for us when you outfit the wood ties with all the jewelry.

**Stephen Ashmore, Union Pacific**
On the UP, we’ve got about 28,000 miles of wood ties. We have 85.7 million wood ties in service, and it is a critical challenge for us to decide where to install between 3 and 5 million wood ties annually.

**Tod Echler, CSX Transportation**
Today, we have nine unit trains, with 30 super gondolas each, and our average turn time is 10 days. For the future, we want 60-70 car unit tie trains unloading just ahead of the tie teams on some of our single-track corridors.

**Research & Railroad Forum**
Shane Kitchens
Moisture content is the primary driver for electrical resistance properties of wood ties. Borate treatments of unseasoned ties in the form and amount tested have no discernible impact on the electrical resistance of wood.

**John Butala, Creosote Council**
For equivalent duration of contact, dermal absorption of creosote from exposure to treated wood is about five-fold lower than from liquid creosote. The EPA considered that dermal exposure to creosote in a treating plant eight hours a day for a working lifetime is not associated with an unacceptable health risk.

**Tim Carey, Lonza**
We did a lifecycle analysis of ACZA ties compared to concrete, plastic/composite,
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Our customers’ trust and loyalty have helped Stella-Jones grow to be one of the largest suppliers of pressure-treated industrial wood products and services in the country.

It is in this spirit we say thank you for trusting us with your most valuable assets throughout the year. We look forward to working with you for many years to come.

We’re ready to work with you today; across North America and in your backyard.

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and ACZA-treated ties did very well. Corrosion and conductivity are not issues. They hold spike and offer fire resistance.

Gordon Gilmet, Ruetgers, AG

Now that we are a Rain CII company, we offer a range of creosotes for the North American market, including specialty creosotes for the ever-increasing environmental and performance standards.

Mike Wheeler, Norfolk Southern

One of the challenges that we all have is that the supply chain should look at raw material inputs to make sure we minimize the fluctuations in the end price. It’s a tough thing to manage capital investment year to year when there are large changes in the price of the product.

Carmen Trevizo, TTCI

We’ve installed ties on the UP in Oregon. They are bigger ties, and we wanted to learn what it would take to maintain the ties. While we are in the very preliminary stages of the evaluation, the crib ties appear to provide higher lateral resistance than the standard wood tie.

Dr. Samuel Weaver, Proton Power

We tested railroad ties treated with borate, creosote and QNAP. We really liked the ties; they have a lot of energy.

Lisa PLEASANTS, CSX Transportation

What CSX requires from sawmills and treaters is quality, a commitment to safety, innovation, flexibility, reliability, stability, strategic thinking, partnerships and cost-saving ideas that do not compromise quality.

Kristine Storm, Genesee & Wyoming

We have 12,800 total track miles, with 41 million wood ties in service. In 2014, our crosstie program will include 650,000 wood ties, 750,000 board feet of switch timbers; 800,000 board feet of bridge timbers; 150,000 board feet of crossing timbers and 5,000 steel ties.

Chris Laddish, KCS

We are the smallest Class 1. We went to 100 percent borate in July. We secure the ties, buying a lot of them from big suppliers and also regional mills. We do a two-step process to treat and borate and dry them in the yard.

Jon ZiLLioux, NS

We are a wood tie railroad, with 100 million-plus ties in service. Ninety-nine percent are wood. Our plan is to add a new Stella-Jones plant in Cordele, Ga. For next year, our capital program is going to be about the same as it was in the past few years—the 3 million range.

Bruce Emberly, CN

Our 2014 replacement program will see us install an estimated 1.9 million crossties and 45,000 switch ties for our basic capital programs and special projects.

Rob Churma, CP

We’ve become primarily a hardwood tie railway. In 2013, we installed 1 million hardwood and 80,000 softwood; 2,000 steel; and 800 concrete. No plastic or composite. In 2014, our projected demand is for 1.2 million.