

# POTOMAC RAIL NEWS

POTOMAC CHAPTER, NATIONAL RAILWAY HISTORICAL SOCIETY  
P.O. BOX 235, KENSINGTON, MARYLAND 20895-0235

JULY 2008



**PCC IN BOSTON.** During a late May trip to Boston, Alex Mayes took this photo of a PCC at Mattapan, at the end of the line, where trolleys are turned on a loop. The MBTA's Ashmont-Mattapan Line is an all PCC line.

**PROGRAM:** "Oh, Canada!" Jim Kleeman will present a slide program covering Canadian National and Canadian Pacific in Western Canada, and an additional presentation featuring VIA Rail, Go Transit, and Canadian National cab units.

**MEETING:** Tuesday, July 15, 2008; 8PM. In the Lobby Level Auditorium of the Montgomery County Executive Office Building, 101 Monroe St., Rockville MD

**NEXT MEETING DATE:** August 19, 2008; 8PM

**DEADLINE FOR AUGUST ISSUE:** July 25, 2008. Send news items to Clay Moritz, Editor, Potomac Rail News, 2811 Plyers Mill Rd., Silver Spring, MD 20902 or via E-mail to [cdmoritz@erols.com](mailto:cdmoritz@erols.com)

**INFORMATION ON POTOMAC CHAPTER ACTIVITIES:** (301) 946-9461; [www.potomac-nrhs.org/](http://www.potomac-nrhs.org/)

**ADDRESS MEMBERSHIP INQUIRIES TO:** Rick Davidson, Membership Agent, 2908 Breezy Terrace, Alexandria, VA 22303-2401

THE CHAPTER FAMILY

If you know of a Chapter Member who is sick, has lost a loved one, or has a new birth in the family, please call the Chapter on (301) 946-9461.

New Address for NRHS National Office and Library:

National Railway Historical Society  
100 North 20th Street, 4th Floor  
Philadelphia, PA 19103-1443

Note: Above address can be used for all correspondence and shipments.

REMINDER TO COME TRAIN WATCHING WITH US. The Potomac Chapter's Activity Committee is planning an evening of train watching 4-7 p.m. on July 18<sup>th</sup> at the Gaithersburg station. Participants can expect to see seven MARC trains, the Westbound Capitol Limited, and freight activity.

REMINDER - HELP WANTED TO EXPLORE THE FUTURE OF THE POTOMAC CHAPTER. The Potomac Chapter is seeking volunteers for two committees to develop ideas for the long-term future of the Chapter. The Operations Committee will examine options to make chapter operations more effective and efficient. The Growth Committee will explore opportunities to expand the Chapter and develop revenue sources. The committees are expected to make recommendations to the Chapter's Board of Directors by October. If you can help, please contact Bob Cohen (301-424-3228 or e-mail: ORL96782@yahoo.com) concerning the Growth Committee or Bill Holdsworth (301-762-9376, or e-mail: w.holdsworth@att.net) concerning the Operations Committee.

## RAIL NEWS

NEWLY ISSUED AMTRAK PHOTO POLICY. Amateur photography, including video, by passengers and the general public is permitted on board trains and from locations legally accessible to the public.

On-board photography is permitted only when - in the opinion of the Conductor - it does not interfere with passengers or crew.

Photography from station platforms is permitted only for persons authorized to be on the platform, which at many stations requires holding a ticket for a train the passenger is preparing to board or has alighted from. In the latter cases, any photography (including video) on station platforms must be limited to hand-held cameras and must not require more than one minute to set up and complete. Any other photography on trains or in stations - including news and commercial photography - requires advanced permission from Amtrak management.

While photography of and on trains is legal, in some circumstances photographers may be questioned by law enforcement or security personnel about their activity if it is deemed "suspicious" or if the activity is determined to be disruptive in any way. (Amtrak Corporate Communications)

THE BATTLE FOR CSX CONTINUES. On June 25<sup>th</sup> CSX Corporation held its annual shareholders meeting in a New Orleans rail yard, which was wrecked in 2005 by Hurricane Katrina, to elect the Corporation's Board of Directors with the possibility of ending an ongoing power struggle between the current CSX board and a hedge fund investor. Current CSX directors said they were trying to head-off an attempt by The Children's Investment Fund (TCI) to loot the company's assets and disrupt the transportation of food, fuel and machines. TCI, a London-based hedge fund known for aggressive business tactics, seeks to replace five of the railroad's 12 board members with their own slate of directors.

In a recent letter to shareholders, CSX CEO Michael Ward stated that "The TCI Group tells you that it wants CSX to become the best railroad in America while arguing to sell the company, choke it with excessive debt, freeze its expansion, alienate its customers and regulators, and lay off its workers."

Snehal Amin, a TCI partner, has called accusations that the hedge fund aims to loot CSX's assets "mudslinging" and has tried to reduce concerns about a foreign entity controlling CSX. According to Mr. Amin, "The majority of our capital is from U.S.-based investors - mainly blue-chip pension funds and prominent university endowments."

At stake is control of the Eastern Seaboard's primary freight carrier, which serves military bases, ports and freight yards in 23 states, from Florida to Massachusetts and Michigan to Louisiana, and the Canadian provinces of Ontario and Quebec. CSX Transportation moves thousands of tons of coal, food, wood products, automobiles, and machines each day along its 21,000 miles of track.

CSX's power struggle coincides with record high fuel prices that are driving many shippers to switch from trucks and aircraft to freight railroads because of the greater fuel-efficiency and lower shipping costs per unit that they provide.

At the same time, national security concerns over a foreign entity controlling a major U.S. shipping operation have not escaped the attention of Congress, whose members were barraged by phone calls and e-mails in 2006 when Dubai-owned DP World sought to manage six of the largest U.S. ports. In that case, DP World withdrew its offers after a public outcry over a potential threat to U.S. security.

A bipartisan subset of the Senate Committee on Banking, Housing and Urban Affairs has written a letter to Treasury Secretary Henry M. Paulson Jr. saying he should ask the Committee on Foreign Investment in the United States to investigate how a TCI takeover of CSX could affect national security. "CSX is the exclusive rail provider to 13 major military bases and ocean terminals and shipped more carloads of military equipment and supplies than any other railroad last year," the letter says. "Very little is known about the investors in the TCI Group or those investors' agenda. They are anonymous and invisible to government regulators and the nation." The letter was signed by Senators Evan Bayh, (IN-Dem); Thomas R. Carper, (DE-Dem); Sherrod Brown, (OH-Dem); Mel Martinez, (FL-Rep); Jim Bunning, (KY-Rep); and Robert Menendez, (NJ-Dem).

CSX has also questioned whether the hedge fund's plans to return value to investors by raising rates for customers and possibly reducing investment in track and other infrastructure could create hardships for the economy in regions served by the railroad. In addition to its tracks, CSX owns more than 100,000 freight cars and at least 3,800 locomotives.

After the stockholders meeting, CSX characterized the voting results as "too close to call" while the investors claim they won four board seats. TCI Fund Management LLP and 3G Capital Partners Ltd. have claimed victories for all but one of their five nominees based on "preliminary results" after CSX's annual meeting. CSX CEO Michael Ward has said that certifying the ballots may take until July 25<sup>th</sup>. TCI and 3G own about 8.7% of CSX stock, making them the third- and fourth-largest shareholders, respectively. They also own swaps contracts providing "economic exposure" to an additional 11.8% of the common shares, according to a December 19<sup>th</sup> filing. According to Ron Gilson, a Corporate Law Professor at Stanford University, case law related to such contracts is not well-formed, so CSX could benefit by taking time to study the voting done for the shares linked to those investments.

Meanwhile the battle goes on for CSX, TCI and 3G continue to claim that CSX has not produced the best possible returns and urge splitting Michael Ward's CEO and Chairman's roles; CSX counters that its future would be at risk by adopting TCI's push for higher rates and more debt to pay for stock buybacks. (Washington Times, Baltimore Sun)

DEVELOPMENT PLANNED FOR FORMER WESTERN MARYLAND RAILWAY RAIL YARD. Developer Struever Bros. Eccles & Rouse hopes to transform 17 acres in South Baltimore's Port Covington into a community that could include homes, shops and offices, along with a promenade and even a trolley. Struever Bros., who is working with the owner of the adjacent Tidewater Yacht Service Center, envisions a 2 million-square-foot development with 2,010 housing units, some of which could be built on reconstructed piers.

Early concept plans, which have been presented to Baltimore's Urban Design and Architecture Review Panel, show three residential towers, one as tall as 38 stories, as well as smaller housing units that wrap around parking garages. The project also includes retail outlets on the street level and a waterfront promenade for pedestrian and recreational use. The yacht service center, with its 400-slip marina, would remain. The developer also re-imagines Cromwell Street as a four-lane boulevard with parking on both sides and a median for a transit line, possibly a trolley.

City officials have been pushing to transform vacant or unused swaths of the formerly industrial Middle Branch of the Patapsco River. A master plan for the Middle Branch, adopted in late 2007 by the City's Planning Commission, designated Port Covington as a high-density development area. Projects along the Middle Branch include a massive mixed-use redevelopment of the Westport waterfront, on the opposite side of the water, with the first buildings to get under way next year.

Struever Bros. owns about 10 acres at Port Covington, while Tidewater owner Bob Brandon owns 7 acres South of Cromwell Street and East of a faltering shopping center where a Sam's Club recently closed and a Wal-Mart remains. Other property owners at Port Covington include Locke Insulators Inc., a manufacturer of porcelain electrical insulators; Tribune Co., which owns the 60-acre site of the Baltimore Sun's printing plant, and Finmarc Management and Kodiak Properties LLC, which is seeking to redevelop the shopping center. Finmarc and Kodiak hope to remake their 56-acre retail site into a \$2 billion Harbor East-style community and want to work with adjoining property owners on a cooperative plan.

Struever Bros. has not given a timeline for its project, saying it largely depends on a rebound in the real estate and credit markets. The amount of development and mix of uses would be dictated by the market. There is no immediate plan to put a shovel in the ground.

The Port Covington site is part of a 130-acre parcel formerly owned by CSX and previously used as a rail yard by the Western Maryland Railway. In the mid-1980s, the City had envisioned the area as a future home to about 3 million square feet of offices, with a hotel and some retail. But the office market faltered, and those plans never materialized. About 60 acres were subsequently sold for The Sun's printing plant, which opened in 1992. The City is looking at options for mass transit ranging from a trolley to a water taxi service in the area to handle growth and connect with downtown. (Baltimore Sun)

PLANNING UNDERWAY FOR A NEW RAIL LINE IN NEW JERSEY. Planning has been revived to construct a proposed passenger railroad between Scranton, PA, and Hoboken, NJ. New Jersey Transit, which would operate the train, is planning to build a 7.3-mile, \$36.6 million slice of the 88-mile, \$551 million project in New Jersey. The 7.3-mile section would run from the end of New Jersey Transit's tracks in Port Morris to Andover, which is still about 80 rail miles from Scranton. While the project is taking some baby steps forward, actual construction is still two to three years in the future. In the meantime, New Jersey Transit is committing to preliminary engineering that could lead to building at least part of the revived railroad if all the necessary Federal approval is obtained.

The New Jersey Transportation Planning Authority has acted to get the bureaucracy moving forward by adding the 7.3-mile stretch to its long-term

regional transportation plan. This formally allows New Jersey Transit to proceed. The agency's officials suggested the move, and it is the first time they have indicated an interest in building a part of the project without building it all at once. That is not unusual because parts of New Jersey's rail services have been built piece by piece. While NJ Transit is interested in the entire project, the available Federal funding will only cover Port Morris to Andover. The overall project remains on hold pending an official Federal Transit Administration (FTA) ruling on its effects on the environment. FTA has indicated it is likely to officially find that it has no significant impact on the environment. This will allow the project to move toward preliminary engineering on the entire 88 miles.

As they do the entire project, New Jersey officials envision the new section as a way of relieving growing commuter traffic congestion on Interstate 81 and improving air quality. The plan is to build the 7.3-mile stretch first. A New Jersey Transit official has indicated that no other section would be built without an agreement between Pennsylvania and New Jersey to pay for their share of the project and its operation. FTA is expected to fund a significant but undetermined portion of the overall project's construction. (The Citizens Voice)

EASTERN SHORE DINNER TRAIN BEGINS SERVICE. Passenger train service has returned to the Eastern Shore, after a 50-year absence. Bay Creek Railway believes that demand will be strong to ride in a restored 1913 "interurban parlor car" as it rolls past fields and homes. The dark-green and red car, propelled by its own diesel engine, will carry as many as 30 passengers on two-hour Friday and Saturday night dinner trips and shorter trips without food. The 53-foot-long railcar held several initial runs in late May; however, problems with wheel bearings have since sidelined the car. There are high hopes on the Eastern Shore for the passenger railroad, which local Cape Charles (Virginia) town leaders and businesses hope will draw more tourists.

Bay Creek Railway is the brainchild of Richard S. "Dickie" Foster, the Virginia Beach developer behind the roughly 2,000-acre Bay Creek resort that he has spent the past 12 years developing in Cape Charles. In January 2006, he signed a 30-year lease with the Accomack-Northampton Transportation District Commission to operate what was then called the Eastern Shore Railroad. Renamed the Bay Coast Railroad, it's a 77-mile freight line that runs from Pocomoke City, MD, down the Eastern Shore to Cape Charles and over into Norfolk, via a 26-mile rail-car barge float across the Chesapeake Bay.

The right-of-way dates to 1884, when the tracks were laid by the New York, Philadelphia and Norfolk Railroad Co. The rail barge is one of only two like it East of the Mississippi River, said Larry LeMond, Bay Coast's Vice President of Operations. The other is in New York.

When Bay Coast took over the operation, the railroad was in "dire straits" financially. Its rail yard, adjacent to downtown Cape Charles, was really run down and some politicians wanted to get rid of the publicly owned railroad because it wasn't making money and replace its tracks with a bicycle trail. But Dickie Foster did not want to see the railroad go away and his involvement was more out of personal interest than for business reasons.

Since taking over the Bay Coast, Foster has pumped money into it to improve infrastructure and boosted marketing efforts. The railroad's fortunes are beginning to turn around. Rail traffic has increased 40% this year from January to April compared with the same period last year and the railroad should haul about 3,000 car loads of freight this year. Bay Coast also is benefitting from changing traffic patterns, as it is having to use its barge less to get freight to customers and land rail service is cheaper to operate than that by barge.

The railroad carries products such as grain, propane and cement. It also moves finished items from Bayshore Concrete Products Corporation, a Cape Charles

company that is one of its largest customers. Rail service has significantly improved for Bayshore under the new management. According to a document filed with the Surface Transportation Board in 2006, the railroad stated that it projects annual revenue of less than \$5 million and Foster has said that the railroad is getting closer to being profitable.

Interurban railcar No. 316 took a long trip getting to Cape Charles. It was originally an electrified trolley serving Dallas and its suburbs, and was supposed to be running in Cape Charles in June 2006. But the Alabama contractor that was restoring the car kept pushing back the delivery date because of problems. No. 316 finally arrived in Cape Charles in early April of this year, but much work still needs to be done.

Besides the dinner and other short excursions, Bay Creek Railway is considering such ideas as "pizza trains" with all-you-can-eat pizza for kids and wine-tasting trips. It may also add more cars to its service in the future. (The Virginian-Pilot)

LOOKING BACK. It was a race from the very beginning. The winner would survive and loser would perish. On July 4, 1828, President John Quincy Adams broke ground for the Chesapeake and Ohio Canal near Great Falls while just 40 miles away in Baltimore Charles Carroll, the last living signer of the Declaration of Independence, broke ground for Baltimore and Ohio Railroad. Their destination? Cumberland, Maryland, and then, as both names suggest, Ohio and beyond.

The first clash occurred in the courts when the B&O claimed a right-of-way through Point of Rocks, an area of Maryland between the mountains and the Potomac River that had room for the canal or the railroad, but not both. The C&O owned the right-of-way through its charter, but the railroad had gathered up permission from the landowners to build. "It (the railroad) had aggressively gathered land waivers in the narrowed valley where it knew very well that usurpation would provoke a head-on collision with the canal company. Its grab did indeed precipitate a showdown, and the canal and railroad fought it out in the courts for four years," Elizabeth Kytle wrote in "Home on the Canal." Though the C&O won that case, the delay nearly bankrupted the company. The B&O continued to fight through the courts with injunctions and high demands for rights-of-way. On site, both the railroad and canal companies fought for workers, seeking to lure them away from each other. The B&O won the race to Cumberland, arriving eight years before the canal opened, giving the railroad a significant advantage in establishing itself.

The companies then began to fight for freight. At one point, the B&O raised its rates to haul flour and encouraged the C&O to do so as well. When the canal company did, the railroad reduced its rates to even lower than they had been originally. Within a few months, the B&O had virtually put the C&O out of the flour-hauling business. Tension between the two companies showed itself in day-to-day operations as well. At the points along the routes where the canal and the railroad run side-by-side, engineers were known to blow their whistles to spook the mules on the towpath and cause problems for the canallers.

The C&O Canal was in a constant struggle for its existence and never fulfilled its ultimate goal of connecting to the Ohio River. The B&O Railroad, however, did see success and continued to expand, including buying a stake in the canal. When the flood of 1889 washed out the canal and put it in receivership, the B&O Railroad took over its rival and began to operate it. While the railroad would have liked to just shut down the canal operation, it couldn't. Though the canal was a financial burden on the railroad, the B&O Railroad could use the canal right-of-way to block other railroads from coming into the area. The courts had ordered that the railroad needed to operate the canal profitably or lose its charter. If that happened, other railroads could have gotten a foothold in Western Maryland. George Hooper Wolfe, in "I Drove Mules on the C&O Canal,"

wrote: "The railroad saw in this an opportunity to relieve itself of the expense of further operation. Enough repairs were made to assert that the canal was a going concern, with enough revenues from the Georgetown factories and dams along the river to pay the expenses of a minimum operating staff; and it was also maintained that the canal could be placed in operation quickly if business warranted. The court went along with this fiction, and the B&O retained the property, but without having any further expenses for its maintenance." So the B&O continued to operate the canal until the flood of 1924 put the canal out of business permanently. The B&O sold its rights to the canal to the Federal government in August 1938 for \$2 million. Otho Swain was born on the canal in 1901 and worked on it during its final years. He said in a 1976 interview, "The canal finally closed down in 1924. There was flood damage then, but the railroad - it was the railroad that really killed the canal." (James Rada Jr. - Cumberland Times-News)

PARK SERVICE TO DETERMINE TRACK RELOCATION. Kevin Brandt, Superintendent of the C&O Canal National Historical Park and a member of the Canal Place Preservation & Development Authority, has said the National Park Service is applying a method it uses for projects to help determine which is best for Canal Place - a rail bridge or tunnel. While construction begins on a Fairfield Inn & Suites by Marriott, tourism officials know that the ability to fill the hotel will be based largely on what attractions can be marketed to visitors. Canal boat rides are a top priority but can only occur once an option, whether a bridge or tunnel, is chosen and constructed to move several feet of Western Maryland Scenic Railroad tracks out of the way so that the canal can be rewatered to offer boat tours and rides like those in Georgetown and Great Falls.

While the U.S. Army Corps of Engineers and railroad officials have shown that the tunnel would cost about \$500,000 less than a bridge, experts are going to look at the pros and cons of each, and cost may not be a determining factor. As a practical point, if a tunnel is selected, officials must complete an environmental impact study. A similar study already has been done for the bridge concept. The only timeline the group faces is this year's deadline for the Federal Transportation Enhancement Program grant, which could cover much, but not all, of the project's cost. A February 2007 estimate figures the cost to be about \$5.2 million for either project, but a tunnel would save Canal Place about \$500,000 on retaining walls and a flood gate. The model used for Park Service projects includes considering how visitors are serviced, preserving historical resources and protecting natural resources. The group will be "looking at advantages" of each option and "decide which advantage or criterion is more significant" and which is "advantageous to Canal Place as a whole." Decision-makers, including representatives of the City of Cumberland, Allegany County, Canal Place, the Park Service and the Army Corps of Engineers, will assign a point value to each element. Assigning point values leads to a lot of discussion and debate. The greatest concern is that a decision be made. A closed door meeting between the Park Superintendent and key stakeholders is set for July 2<sup>nd</sup>. (Cumberland Times-News)

## EVENTS

SPECIAL RAILROAD ART EXHIBIT. Thru December 31, 2008. Railroad Museum of Pennsylvania, Route 741, Strasburg, PA. "Railroads and the American Industrial Landscape: Ted Rose Paintings and Photographs" is featured in the second floor gallery of the Museum. The beauty and nobility of railroads are vividly illustrated in the impressive watercolor paintings and remarkable photographs of the late artist Ted Rose (1940-2002). Railroads were a favorite subject for Rose and he depicted them, their people and varied settings through expressive colors and unique and compelling compositions. Ted Rose is probably best known on a national level for the wonderful paintings he created for the U. S. Postal Service's All Aboard 1999 train stamp series. The exhibit features 23 watercolors, 23 photographs, and several monotypes and poster prints. The Museum is located on PA Route 741 about a mile East of the traffic signal in downtown Strasburg at the intersection of Routes 896 & 741. The Strasburg Rail Road is across the road from the Museum.

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