

Crossties

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The Magazine For Producers And Users Of Treated Wood Crossties And Related Products.

Q&A WITH KOPPERS'
GARY AMBROSE INSIDE
SEE PAGE 13

CONNECTIONS

*RTA Annual Meeting Links
Past, Present, Future Of Tie Industry*



**Plus: Gary Ambrose
Elected 2002-2003
RTA President**

Special Reports

**RTA Convention
Provides Forum For
Making Connections**

**Convention
Presenters Relay
Challenges &
Opportunities**

**RTA President
Shares Thoughts On
Present & Future Of
Wood Tie Industry**

**RRIF Loan
Application Process
Complicated But
Rewarding**

**Nation's Capital
Hosts Railroad
Engineers At Annual
AREMA Conference**

CONNECTIONS

Annual RTA Meeting Links Past, Present & Future Of Tie Industry

Throughout the 84-year history of the Railway Tie Association (RTA), members have met annually to discuss important wood tie industry topics and events at the annual RTA convention. Since the beginning, no city has hosted this gathering more frequently than St. Louis.

Because of the deep roots that RTA has in this part of the country, many attendees felt that the annual meeting held Oct. 15-18 was a homecoming of sorts. Certainly, for all those in attendance, this event was a very special time in which the past was remembered, the present engaged and the future embraced.

This year's convention was expanded to accommodate the explosion of content that has occurred over the last few years. In fact, a new Friday business session was added to encompass all the presentations. The following pictorial essay and companion article sharing pertinent quotes (see page 11) from the session presenters tell the story of the 2002 RTA Convention.

RTA offers convention attendees an opportunity to network and unwind prior to business sessions with an annual golf tournament. A little bit of play mixed in with work helps everyone prepare for the upcoming events, as these golfers attest. Seen here are (from left) Marshall Allen, Jim Moore, Rich Zemencik and Steve Bolte.



Fellowship continues with the President's Reception, the traditional convention opener. Sawmill owners Lafayette Sorrells and Ree Ellis renew their acquaintance, left, while Rosalie Thomas visits with first-time RTA convention attendee Rich Keller of Montana Rail Link.

You never know who'll be just around the corner. Ed Hamberger of the Association of American Railroads, left, talks with Dr. Allan Zarembski of ZETA-TECH Associates and Jim Gauntt, RTA executive director, right.



And, who is this? John Mabry, former RTA executive director, is pictured above with friend Liz Gilbert during the social hour.

The general business kicks into high gear the next morning with this year's RTA president, Matt Clarke of Gross and Janes Co., welcoming attendees and conducting the formal election of RTA officers for 2002-2003.



A.G. Edwards' senior analyst Gary Thayer, a frequent guest on CNBC, highlights the economic picture for the transportation sector. According to Thayer, the outlook for the U.S. economy is brighter than many analysts currently believe.



Another first-time attendee to RTA functions was John Butala, chief toxicologist for the Creosote Council II. Butala, along with Dave Webb, provided an update on the re-registration process for creosote to producers and users.



Dr. Terry Amburgey of Mississippi State University reported on pre-treatments and remedial treatments that employ sodium borate. The results will be forthcoming in a formal paper that will be available on RTA's website soon. In the presentation, Amburgey said that there is now proof

positive that, properly done, pre- and remedial treatments can have a positive impact on the life of wood ties.



During breaks, exhibitors show their wares. Here, Billy Davis of Spike-Rite discusses automated pre-plating services provided by his company.



Around the corner, the networking continues. Visitors from Mexico (Alejandro Autrique and Rodrigo Elizondo) add to the international flavor of the event. Harry Scott, Tony Helms and Kenny Renfroe of Thompson Industries also enjoy a relaxing moment, right.





Following the annual luncheon, Mike Franke of Amtrak kicks off the Engineering Forum with a detailed presentation on the work that is under way on the Midwest Corridor. Passenger travel by rail in the Midwest is expected to dramatically increase once this work is completed.



American Railway Engineering and Maintenance-of-Way Association (AREMA) President Rich Keller of Montana Rail Link offered a detailed look at AREMA's many facets and shared a very interesting presentation on Montana Rail Link.



RTA always intersperses a little fun and festivity into the business-oriented agenda. This year's annual banquet theme was "Get Your Kicks On Route 66." Attendees enjoyed music during dinner and entertainment after the meal from Scott Cervine, a comedic magician who put on a crowd-pleasing, Vegas-styled show.



Other faces in the crowd...



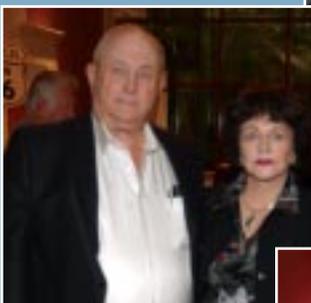
Rhonda and Kenny Dailey and Jerry Hendrix



Stan Thomas and Preston and Judy Germain



Clyde Lobb, John Bosshar, Ralph Foster and Mike Aarstad



Lafayette Sorrells and wife, Wanda



Ginger and Bill Booser and Holly Hempel



Keith Hartwell, Larry Anderson and Floyd Bowlby

Other highlights of the banquet included a ceremony honoring (pictured from left) Doug Fox, Dave Webb and Lafayette Sorrells with the Branding Hammer, Broad Axe and Silver Saw awards, RTA's highest awards given annually to an outstanding wood treater, railroader and sawmiller.



The extended session held Friday morning gave producers and purchasers an opportunity to share their thoughts and suggest new ideas:



Koppers' Drew Bachman discussed creosote supply for the upcoming year.

Dave Renz of Akzo-Nobel revealed the work that is under way with an alternative sulfur-based wood preservative that could be in use by 2004.



Outgoing board members Dan Pollock (left) and Floyd Bowlby (below) were honored for their years of service as members of RTA's Executive Committee.



Photo Courtesy Fashions of the Past®



RTA prides itself on the family-like quality of its annual meetings. Spouses are always a welcome addition to all the activities. Each year, a special breakfast and tour are held to honor the important role that spouses play in the success of the association. This year, a real treat for attending spouses was the historical fashion show. Audience members were asked to participate and dress in actual period garments to help tell the history of St. Louis. A visit to the Missouri Botanical Gardens was another special part of the day.



And, as happens every year, the gavel is passed to the new RTA president. This year's RTA president, Gary Ambrose of Koppers, is featured in an interview found in this month's *Crossties* on page 13.

What They Said

About The Challenges & Opportunities That Lie Ahead

Luncheon Presentation

Linda Morgan, chairman of the Surface Transportation Board

(Presented via teleconference from Washington)



The last couple of years have been a period of instability in the rail industry, principally related to merger implementation. All of us have been part of that, but we are out of that period now. Operations and service are much improved, and the freight rail industry has a very strong focus on the customer. Now, the challenge is the economy and the impact is it having on capital spending and the railroads' ability to maintain the needed capacity and investment for when the economy does rebound more fully.

Rep. Jo Ann Emerson (R-MO)

(In a letter presented to RTA attendees)



Perhaps the most valuable contribution from the forest products industry is its contribution to our railroad system. We could not be a nation of great opportunities without railroads. Today, our nation is served by the same railroads that helped to build this great nation. It is clear that railroads are invaluable assets to this country and the world-wide economy. Without them, there could be no national security, no economy and no future. The men and women who make railroading possible are among our finest assets.

Engineering Forum

Mike Franke, assistant vice president of Amtrak and former chief engineer for Burlington Northern Santa Fe



The Midwest High Speed Rail Initiative is a 3,000-mile, nine-state consortium working in cooperation with Amtrak and the Federal Railroad Administration. The system will have speeds of up to 110 mph between cities that are at most 300 to 500 miles from Chicago. Anticipated ridership is about 9 million a year in an area where auto travel currently represents more than 90 percent of all ground transportation. Further build out will depend on a significant federal capital infusion.

Richard Keller, chief engineer for Montana Rail Link and president of the American Railway Engineering Association (AREMA)

AREMA membership continues to grow, and it is up from last year at this time. Thanks to the work of a very active membership committee, there are now 4,500 members.

The technical conference held in September in Washington was a great success, with 1,135 registrants and 149 spouses. This number exceeded attendance the year before. We also had 97 exhibitors who showed their wares. If you are not already a member, I encourage you to join.



Craig Dowski, chief engineer of track programs for Union Pacific Railway

In 2003, we are planning to install significantly more ties; about 36 percent of the engineering budget will be devoted to ties in 2003. Next year, our commitment is to 4.4 million wood ties, which will be an increase from the 3.9 million wood ties we installed in 2002.

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Tim Drake, chief engineer for the Eastern region for Norfolk Southern

Because Norfolk Southern has replaced ties in a consistent manner over the years, we were able to offset a tie purchase reduction in 2000 and 2001 that was associated with the loss of revenue from the loss of export coal and high fuel prices. By the end of 2002, we will have installed more

than 2.8 million ties in maintenance programs and construction projects, which is an increase of more than a million over 2001 and represents approximately 1,400 more track miles that will be timbered.

Jack Rahmes, assistant chief engineer for CSXT

This year, we expanded our (maintenance) jamborees by completing three, one from New Orleans to Mobile, Ala., where we installed 65,000 ties in four days; one from Evansville, Ind., to Chicago, where we installed 75,000 new ties in one week; and one from Toledo, Ohio, to Cincinnati, where we installed 80,000 ties in one week. We also ran modified jamborees in three locations. Our transportation



people have proven that we can take a significantly smaller financial hit if we can get key routes rehabilitated quickly.



Mike Armstrong, assistant vice president and chief engineer of the Southeast for the Burlington Northern Santa Fe Railway

For BNSF, the wood tie dominates and will for the foreseeable future. Our projections for 2003 are about even with 2002. We are expecting to install 2.1 million wood ties and 225,000 concrete ties. We see a huge demand shared with the other railroads, so we will have to be more flexi-

ble with what we will accept. We will have to accept a limited amount of softwood, a longer tie if necessary, and certainly a smaller dimension tie for use in some of our secondary and yard locations. We have also purchased several hundred Parallam ties for use in switches. The availability, strength and durability of this product shows great promise environmentally, especially in turnouts.

Producers & Purchasers Forum

John Falstrom, transportation products manager for Trus Joist, a Weyerhaeuser Company

The main attributes of Parallam PSL (parallel strand lumber) are high strength, resistance to mechanical wear and failure, better treatment penetration, large section and long-length availability, and the fact that the price is competitive in large sections and long lengths. One of the more important features of Parallam is its ability to treat. We do get 100 percent penetration through the cross-section in a tie application.



Ken Jensen, manager of purchasing and maintenance of way for Norfolk Southern

Many potential substitute products are waiting in the wings, and many of them do not use wood. As the cost of wood ties rises or shortages occur, substitutes will look more favorable to the railroads. The railroads thank you for producing an excellent product but ask that you do not rest on your laurels. We urge you to produce what we

need at a reasonable cost and strive to improve the product further.



Glen Whitham, senior source specialist – track for Canadian Pacific Railway

We instituted an aggressive cogeneration program in 1999, which was sponsored by our environmental group. With financial backing, we were able to establish three strategic disposal sources in the same locations of our treating plants. From there, we developed a pick-up process that includes 200 rail cars that handle strictly disposal ties. We have had some great returns on this process, and even our environmental affairs agency in Canada is recognizing this process as a model for waste disposal.

Fritz Horn, procurement manager for ballast, ties and rail for CSXT

We do have an ongoing program for concrete ties and for testing alternative tie materials, but our greatest opportunity right now appears to be in improving the performance and handling of wood ties. To that end, we purchase between 30,000 and 40,000 pre-plated ties each year; we are continuing species separations to achieve the greatest average tie life based on the greatest potential for preservative retention; we are investigating the use of polymers as creosote performance enhancers; and one of our suppliers has presented a proposal for dowel-laminated crossties that is close to the economics necessary for this to succeed. We have also installed some Parallam switch ties to study their performance.



Mike Aarstad, manager of supplier agreements - engineering for Burlington Northern Santa Fe Railway.

We use *Tielnspect*, ZETA-TECH's product. With this system, ties are categorized by teams of field inspectors who select ties for replacement using BNSF software that allows for standardization of tie replacement decisions by differentiating between curves, class of track and proximity to crossings. All of our 2002 and 2003 capital projects have been inspected and prioritized.

Gary Hunter, manager of purchasing for Union Pacific Railroad

The sawmillers who produce ties are the backbone of the RTA and the lifeblood of the UP. Our need for ties in 2003 is 4.2 million—the biggest tie program we've ever had. With 96 percent of our track being wood, we are a big supporter of wood ties in track. In the last 12 months, I've spent time in the field with 17 sawmills. And I have confidence in our suppliers' ability to meet this demand for 2003 and beyond.



With your help, we'll get it done.



Bruce Emberly, supply manager - forest products and ballast for Canadian National/Illinois Central

We have 55 million ties in track, 94 percent of which are wood. Only 6 percent of our total is made up of concrete, plastic and steel. Our 2003 crosstie replacement program, which includes maintenance on the former WC and IC, is 900,000 crossties and 45,000 switch ties. And, with the exception of 50,000 softwood ties for industrial programs, crossings and switch ties, all of our ties are hardwood.

New RTA President Discusses Current & Future Status Of Wood Tie Industry

By Kristen McIntosh

Gary Ambrose, installed as the Railway Tie Association's (RTA) president for 2002-2003 at the annual convention in St. Louis, has worked with Koppers Industries for 23 years. As general manager in charge of commercial railroad products and services, he is responsible for marketing treated wood products to non Class 1 customers, such as regional and short line railroads and contractors.

Crossties recently caught up with Ambrose to get his thoughts on the future of the wood tie industry and learn more about RTA's initiatives.

What is the most pressing issue in the wood tie industry today?

The biggest challenge we face is making sure we have enough sustainable production to satisfy the demand for wood crossties in North America.

I tend to agree with Gary Hunter's (of Union Pacific Railroad) comments at the recent RTA convention that there may be a shortfall due to the larger tie programs this year. The sawmill base has not recovered from the market downturn in 2000-2001 to supply as many as ties as the railroads have asked for in such a short time period. Hunter told UP management they could do a 3.7 million tie program, but they said they wanted a 4.2 million tie program. He jokingly said that they compromised at 4.2 million. Hunter knows this is going to be a challenge to do even though he said he was confident the industry would come through.

If railroads could maintain a levelized tie demand near where they are currently for 2002 and what they project for 2003, we could work toward protecting the supply base to absorb mild fluctuations. RTA's economic work has proven this. But, we do not have mild fluctuations. Some years, we are buying as many ties as possible. Then, something triggers in the economics of the railroads and we have to cut back hard. This is especially hard on the sawmills.

A focus for RTA next year is to improve programs and service for members and seek more involvement from short lines

and contractors. What are your thoughts on these topics?

We have numerous initiatives ongoing now within the Research and Development and Strategic Planning committees. RTA wants to continue being a source of information and help for the industry, not just for the railroads and those who provide the finished tie, but also for tie suppliers, preservative suppliers, sawmillers, and, if possible, loggers and landowners. RTA continues to reinvent itself as a more proactive association. By taking on more issues in credible ways, when people think of RTA they will think of it as a very proactive organization.

Yet, I would like to see more involvement in RTA from the short lines and contractors. The perception, I believe, is that RTA is primarily a Class 1 and regional railroad type of organization, but we really aren't. We want input and participation from the short line and contractor segments of the North American wood tie market. From a volume and economic standpoint, they are an important part of the overall market for ties. We intend to make increased involvement of these groups a priority within RTA.

The mission of the Strategic Planning Committee is to suggest additional ideas that the association's Executive Committee can consider in work that can involve not only short lines and contractors but also sawmillers and the rest of the supply chain.

I believe that Lafayette Sorrells (winner of RTA's Silver Saw Award for 2002) made the point at the convention that some of the most disadvantaged suppliers are the folks logging in the woods—the ones felling the trees. We are headed for several years of sustained high-volume tie programs. And if we are going to be able to meet the challenge of providing those ties, all of us have to understand every facet of what it takes to get that tie to a treating plant so that it can ultimately be placed in service.

In partnership with other organizations, RTA is working to produce effective forecasting models for tie replacement. How will this work help RTA members?

Effective forecasting will help all parties

involved when planning for tie requirements. Although railroads may want to buy the same volume of ties every year, capital spending is affected by numerous elements—the need to buy more locomotives or more rail than normal or reduced cash flow. What forecasting does is help tie producers relate to the fluctuations in demand that create swings in tie procurement. It also can help railroads see the benefits of levelizing crosstie demand.

Education is an important focus for RTA. Could you highlight one of the association's new projects?

RTA will introduce a CD-ROM on tie specifications this year. The project is in its final stages, but we were able to review a portion of it during the last Executive Committee meeting. It should be able to be used as a supplement to hands-on training. Anyone who has ever been to an RTA Tie Grading Seminar or spent time in an inspection booth trying to learn tie specifications will see how this CD-ROM will accelerate the learning curve and create better tie inspectors.

What is RTA's role in supporting initiatives in Congress that will benefit railroads?

Through participation in the annual Railroad Day on the Hill and in other ways, RTA has sought to support AAR and ASLRRA in their legislative initiatives. Our focus has been to seek legislative funding mechanisms for U.S. railroads—legislation like HR1020 that could help short lines railroads, for example, receive federal funds to upgrade and maintain track.

Tell me about your family—your wife and children.

My wife, Barbara, and I were raised in southwest Pennsylvania. We now live in Bridgeville, Pa. Our oldest, Frank, 21, is a junior at Slippery Rock University. Our daughter, Megan, is 17 and a senior at South Fayette High School. §



Ambrose