

TRANSPORTATION



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Q. What are the new developments in rail traffic?

A. Demand for rail systems and services is showing steady growth with powerful economic development impacts. We're seeing tremendous demand from Class 1 railroads (line haul freight railroads with operating revenue in excess of \$289.4 million) for expanded capacity. We've worked on capacity-related projects for three Class I railroads and

many short lines, including Canadian Pacific Railway's Western Capacity Expansion Project, which was strategically important for their business. We're also seeing upgrades of existing track to accommodate heavier trains that run on heavier gauge track.

Federal legislation has certainly helped propel transit system upgrades, expansions and new starts. SAFETEA-LU finally gave a shot in the arm to transit systems that were on hold in, for example, Dallas, Los Angeles and New York. And the Jobs Creation Act helped short line railroads fund infrastructure improvements by providing tax credits up to \$3,500 per mile for maintenance upgrades.

We've also seen greater acceptance of public transportation. And where there are

already transit systems, there's often unexpected demand for growth. Houston, for example, is already studying additions to its recently installed trolley system.

Technology, such as communication-based train control and GPS-based tracking systems for freight networks, continues to provide significant opportunities to expand train capacity.

New energy markets, too, are creating demand. When, for environmental reasons, coal-fired plants switch to low-sulfur Western coal, they need longer unit trains to carry greater tonnage and, consequently, more track. The rapidly expanding ethanol industry, which is part of the national energy plan, also means more demand for rail infrastructure and services. ■