

Talk Among Friends



November 20, 2019

Norfolk and Western Historical Society

Fall

This year it seems to be just a blur. I cannot believe it is already fall, with the first decent rain since early summer falling outside and the leaves starting to turn as I write this. It has been hectic, first our Convention in Roanoke, then the 611 visiting Strasburg and lots more between!

The Society was represented for two weekends at Strasburg, see the story below. It was well worth our time, as our sales were excellent and helped bring in some new members as well.

....

Arrow Issue No 3 was derailed!

After multiple delays, the 3rd Quarter issue of the Arrow is in the mail and should be in your hands by the time you see this. It was a perfect storm of problems in getting the issue to the printer and problems with the upload and download of our files was unlike any we've ever experienced.

That it was a perfect storm is sort of appropriate, as this is a very special, 48-page issue with the 50th anniversary recollection of the severe damages that the remnants of Hurricane Camille left on Central and Western Virginia and particularly the N&W's Shenandoah Division. The issue

features many previously unpublished photos and some rare information about detours of Southern's passenger trains over the N&W's Shenandoah Division. Perhaps the biggest jewel is the previously unseen photos from Gordon Hamilton's cab ride on the first detour move going north out of Roanoke. Even Gordon said he had not looked at the slides since he took them 50 years ago!

I apologize for the delay, but I hope you will feel that it was worth the wait!

Society News

For those who did not make it to the Roanoke Convention, I think most everyone had a great time, it was good to catch up with old friends and make some new ones. That truly is what Conventions are about, meeting new friends, seeing old friends, and learning a few new things, plus maybe seeing new things along the way. Sure, Roanoke is old familiar grounds that many of us have covered many times, but the fellowship is truly the best thing! So, even if there is nothing new to see, consider coming next time out, you will find enjoyment if you look for it!

That said, next year we'll be in Cleveland and plans are coming together well and we expect to have material out on it by the end of the year. Cleveland has a lot to offer, both rail and otherwise, and we are counting on Frank Bongiovanni to produce a super convention. It sure looks like such so far!

Next up, the Society was represented at the first weekend of the railfan event of the year for the east coast, the 611 at Strasburg. This was the first time that two N&W steam locomotives are under steam at the same time and same place since 1991, and the first time 611 and 475 have been in the

same location under steam since 1957.

My wife Beth and I represented the Society and carried an over-loaded van full of material to sell. And sell we did! It was, by far, our best sales weekend ever, and we thank those folks who stopped by and purchased something. Thankfully, we sold enough that the van was much lighter on the return trip, and not sitting six inches lower like when we left. The weekend of October 18-21, President Todd Arnett and Treasurer Ron Davis represented the Society carrying two vehicle loads of materials. Despite some bad weather on Sunday, all indications are that Ron and Todd's weekend was equally successful.

It was really a special event. While Beth and I were so busy we did not get to participate in any riding or photo taking, it was a step back in time. With that chime whistle on the 611 and the hooter whistle on the 475 sounding both near and far, it was like stepping back in time. If you closed your eyes, you could almost imagine it being in Roanoke, Bluefield, Kenova or just about any other terminal on the N&W about 1957. It was amazing, and I wish all members could have experienced it.

•••

We have some new products in stock, the Class J and Class M coffee mugs which premiered at Strasburg. The J mug is almost sold out and a decision whether to reorder will be based on how many requests we have. How about it folks, do you want to see other classes? We have to order minimum numbers, so every order counts.

We are also working on a new book by Ed King but it is so early in the game, we cannot give you a price or date just yet, but it is an N&W book you will want to have! It is a very different N&W book, set in the first half of the 20th Century and it is interesting!

•••

In other Society news, some of our members may have had dealings in the Roanoke office with our order processor/bookkeeper Rachel Taylor. At the end of September, the Society did some reorganizing and Rachel is no longer with the Society. Rachel served us for a bit over three years and we appreciate her service. Unfortunately, Rachel often sent emails under her personal account. There may have been several loose ends, and we would like to get them straightened out. So if you have an unresolved issue with the Commissary or membership, please contact us at commissary@NWHIS.org. As many of you know, our accounting system has been out of whack for some time, due to a number of posting errors in our bookkeeping. But I can assure you that I HAVE seen the bank statements, and, despite some rumors floating to the contrary, the account balances are steady. We have hired a part-time contract position, Ken Musante who is an accountant and quite knowledgeable about Quickbooks to fix up what is wrong and allow us to provide proper financial reports. In the meantime, orders through the Commissary are being handled by several other folks and we will make every effort to provide you with superior service, but be aware that there may be an occasional delay in your material, we will try to email you with any kind of delay or important communication. Please be patient with us.

•••

As you can see from the catalog, we have the Bowser HL hopper cars in stock. They are beautiful models, and we highly recommend them. We will have number decals for the undecorated models coming very soon, plus a totally new set; that is N&W signage.

To make your railroad distinctively N&W, you need those correct signs along the right of way, bridges, tunnels, whistle boards and such. These are absolutely perfect, new artwork all based on original drawings or signs in our archives. These will be stunningly accurate on your HO layout and if they

go over well, we are also considering doing station signs in the correct style and letters. Remember, you can make or break projects in the modeling world. If you like them, purchase multiple copies; if you want to see something specific, voice your opinion to our modeling committee. Just remember, not everything is workable, such as we are not likely to get a inexpensive plastic S1a that is going to be perfect and correct. There simply is not really enough market to invest the hundreds of thousands of dollars to bring a mass market model in that sells only in a handful. Things like decals are smaller, easier to produce and can make a huge difference in your model and making it right!

While the Society depends on members to keep renewing (and thanks to those who do so promptly) basic membership dues cover little more than the cost of the *Arrow* magazines, and while sustaining membership dues provide some extra revenue, Commissary sales are also a critical source of income to help cover Society operating costs. Your purchase of items from the Commissary is vital to our continued ability to survive and preserve.

We have an Archive and online database that, according to comments we hear from many folks outside the Society, are second to none. You can search for materials, see a thumbnail and easily order items. We have, at the moment, over 180,000 items cataloged from our collection, which is so remarkably varied, I don't even know how to describe it. Photos, printed materials, drawings, etc. etc. etc. Now, that probably represents about 1/3 or less of our entire collection; it is hard to imagine some of the gems that yet remain to be discovered.

Our dedicated Archives volunteers are to be commended for their diligent efforts to scan and catalog material as well as their continued efforts to put them on line. It is a huge job these folks do, with little recognition. I just had a phone call today about an order for some drawings, and the person specifically said we have a great website with so much available, we are way ahead of the other groups. While that might be debatable, it is true, we probably have the best presentation of materials among all the groups.

However, no matter how many dedicated volunteers we might have, there are still fixed costs of housing such a great archives. We have a building, taxes, insurance, water, power, gas. All that factors into keeping our Archives going.

Who does our Archives service? Many, many folks order drawings and materials; modelers, model manufacturers, folks who are restoring full size equipment, and folks who are simply interested or historians, as well, as publishers. However, no matter how many copies of a drawing we might sell, there is a lot higher costs to house, store and

catalog these drawings and other material.

One user of the Archives is ourselves, to produce our magazine and provide drawings and photos for the *Arrow*.

The prices on drawings and such are quite reasonable, but we need all our members help to keep the Archives solvent. It is an older building with the usual variety of ailments, nothing which is critical, but we simply do not know if something will break or be an issue. So, we encourage every single member to help out by joining or renewing their membership at the sustaining rate. That extra money helps keep our facility in good repair and running.

I'd also like to remind all members again, that supporting your Society with purchases from the Commissary is vital for our continued ability to keep the operation going. If we do not have income, we cannot keep the doors open and the lights on. Instead of purchasing items from some internet

seller, it might cost you a few dollars more, but if you spend your money with the Society, it helps keep our products coming your way.

While the purchase of Archive materials is important as well, we are mainly speaking of books, DVDs, models etc. The more you purchase, the more variety of things we are able to carry; it is that simple.

So, before you order that book, model, or DVD from elsewhere, make sure you check with the Society to see whether we have it, or will have it. Just because it is not listed, does not mean we do not have it. So, you can email commissary@nwbs.org and ask. We appreciate your support and will get back with you promptly.

—Ken Miller

....

More Society News/BOD Meeting Notes

The Board of Directors and Officers convened in Roanoke for its Fall 2019 business meeting on September 14th. High among the topics discussed were the continuing moisture problems at our Archives property on Salem Avenue and concerns about where to house archive material currently at GOB-East should NS decide to discontinue their agreement allowing us use of that space. The Building Committee will pursue petitioning the City of Roanoke to allow us to excavate the ditch along 21st street to mitigate water incursion into our building by improving exterior drainage. The City has denied our previous requests for them to re-grade this ditch that is within their right of way on the uphill side of our property. Currently, water incursion is managed by a sump pump in the back storage area, shop vacuums during emergencies, and dehumidifiers, but those require frequent monitoring and maintenance, and they rely on a steady electrical supply, leaving us vulnerable to seasonal storms that result in heavy rains and prolonged power outages. For now, the Board has authorized the Building Committee to purchase a new, larger capacity dehumidifier to help with interior moisture control. Ideally, a new, larger facility could resolve all of those issues as well as provide space for us to acquire additional material offered to us by NS and other new material, but that would involve significant financial commitment, and further complicating matters, selling our Salem Avenue property could be difficult.

Also high on the agenda was discussion of Society finances. Our overall financial status is stable and our outlook is sustainable, but we are continuing to struggle with cleanup of past data entry inconsistencies among our various accounts in Quickbooks that complicate presentation of a

clear, complete financial report at this time. As discussed above, we have recently made some staffing changes in order to help resolve those issues, and we have also recently transitioned our bank accounts over to a new bank and streamlined the number of accounts to simplify assessment and management of our finances. Please bear with us as we work through these transitions. The goal is to present a full financial report to the membership by our 2020 convention, or sooner if possible.

In addition to facility issues, finances, and other topics already addressed above, the Board discussed potential book projects including the aforementioned book by Ed King and a book of Frank Helvestine's historical articles published in the Norfolk and Western Magazine. Also, the Board authorized establishment of an NWHS SmugMug account to use as a platform for photo sales, and authorized placement of an ad in White River Publications' historical societies listings to promote the Society.

—David Rice, Chairman of the Board

....

NS: Profits Up, Traffic Slightly Down; "TOP 21" PSR Program Is In Progress

By Tim Hensley

This is a new column that Tim will write for the "Talk Among Friends" section that accompanies The Arrow on topics pertaining to Norfolk Southern. Primarily, it will focus on matters affecting the original Norfolk & Western and Virginian properties, mainly between Norfolk and Cincinnati-Columbus. Without getting into politics, it will also try to -- as we shall see in the next issue -- keep abreast of current coal trends and developments. The railroad scene today is rapidly changing, and hard to keep up with, so by the time this is in print, changes are likely! Please send articles of interest to: CaseyatKenova@AOL.com or call 304-633-8512.

Second quarter results, released on July 24, reported NS net income of \$722M, up two percent year-over year, a result of a four percent increase from railway operation that yielded a record-setting, second quarter operating ratio of 66.3 percent. Diluted earnings per share were \$2.70, up eight percent over the same period last year, another second-quarter record.

Operating revenues of \$2.9B increased one per cent compared to the same quarter the prior year, as a five percent increase in average revenue per unit was offset by a four percent decline in total traffic volume. Railway operating expenses were \$1.9B, a quarterly decrease of \$12M over the previous year, attributed mainly to declining fuel prices; lower purchased services and rents were offset by increased depreciation expense.

Conversely, competitor CSX had its biggest drop in 11 years, pulling other industrial companies down with it. Its stock plunged 10.3 percent after announcing that it expected revenue to decline as much as two percent this year; CSX had previously predicting growth.

Looking back at 2018, NS – as it strives to get to a 60 percent operating ratio by 2021 – achieved an all-time best operating ratio of 65.8 per cent, a third consecutive year of improvement. Railway operating revenue grew nine per cent year-over-year to \$11.5B and railway operating income grew 12 percent to \$4B, an all time record. The corporation also repurchased nearly \$2.8B in shares and raised the quarterly dividend twice during the year. General merchandise accounted for 58.9 percent of total 2018 operating revenues, with Intermodal and Coal corresponding to 23.2 and 16.5 percent, respectively.

"As we begin 2019, we are hard at work on initiatives to drive shareholder value, from new ways of operating the railroad to new ways of marketing our services," Chairman James A Squires said.

One of those new concepts is TOP (Thoroughbred Operating Plan) 21, NS's version of Precision Scheduled Railroading. It is being implemented under the direction

of Senior Vice President of Transportation Mike Farrell, a Hunter Harrison disciple imported from Canadian Pacific.

Henceforth and among other metrics, train and employee productivity will be measured by the tonnage of traffic moved per active crew member. As an example, northbound carload traffic on the former Shenandoah Division's "Punkin Vine" is hitching a ride on automotive trains out of the Walkertown, N.C. Mixing Center. Previously, Winston-Salem carload traffic used to run south to Linwood, where it would be classified and put on a northbound merchandise train over the former Southern Ry. main. This new arrangement saves about 100 miles, reduces car handling, and frees up hump yard capacity (another TOP 21 goal). Also, trains 17M, 18M and 272 have been abolished on the Pokey main.

Distributed Power (DP) is a cornerstone of PSR. Reports have been pouring in that NS trains have been observed operating in lengths of from more than three miles (on the Bristol Line) to a two locomotive-one car-DP-one car set (I guess it's the concept that counts!). Eastbound out of Portsmouth on the Kenova District, mid-train helpers have been seen coming across the Ohio River Bridge on time freights. And, one train left the Sun Coke plant on the Kenova Belt Line at Ceredo with an unmanned helper behind a train of treated coal, went out the east leg of the wye and all the way to Bluefield without stopping at Farm for the usual "Elkhorn" pusher. As could be expected, lengthy delays, bottlenecks, break-in-twos and other snafus have occurred; one caused the 611 to cool her heels for seven hours at Buena Vista, Va. on the way up the Shenandoah Valley to Strasburg.

PSR has not been without its human consequences. Approximately 50 employees each were recently laid off at the Juniata and Roanoke Locomotive Shops. These layoffs are probably due to better equipment utilization under PSR. Next door to Roanoke Shops, FreightCar America has announced that it will close operations at the former N&W East End Car Shop, combining operations at an Alabama plant and idling 200.

Out on the Pokey, 20 trainmen positions were abolished at Williamson in early August. Citing weakness in the coal market, the company had previously laid off 10 workers at Williamson in 2012 and 200 other positions within West Virginia. Thirty-eight conductor positions in Pocahontas Division conductor positions in Roanoke were abolished in January 2016.

Further cuts are likely coming, as NS is on record as stat-

ing that it wants to reduce headcount by 500 people this year and total 3,000 by 2021.

Maintaining this fiscal momentum will be a tough task. So far this year, Association of American Railroads figures indicate that U.S. rail traffic is down an average of about three percent. Generally, a reduction in car loadings is a sign of a weakening economy.

In other relevant NS News:

- Ground was broken on a new headquarters in Atlanta on March 26. The \$575M facility will be located on a 3.4-acre plot at 650 West Peachtree St. and feature twin, 22-story glass towers with 750,000 feet of office space. Already, more than 2,000 NS employees work at the Peachtree Street Operations Center (a mile from the new site), and 300 dispatchers have been recently centralized there from the field (included those moved to Roanoke from Bluefield). The relocations from Norfolk (500 employees) and the dispatchers will account for more than 800 new jobs for Georgia, with an average salary of \$105,000 and stimulate an annual \$811M economic impact for the Atlanta metro area.
- The West Virginia Public Port Authority wants to lease the NS-served Heartland International Gateway at Prichard, WV. to private interests. The government agency claims that it has only made \$17,370 in income during fiscal 2019, vis-a-vis \$522,000 in expenses. In July, only 579 lifts were recorded, which amounts to a meager \$30 per container. Constructed as part of the 530-mile, Hampton Roads-Chicago Heartland Corridor, the facility was funded to the tune of \$18M from the state, a \$12M grant from the federal government, and one million dollars from NS. Currently drayed by Parsec, there is the promise of a massive aluminum plant and shale gas projects in the Tri-State Area, not to mention what a concentrated marketing effort could bring. Scrambling for a solution, the Wayne County

Commission has been given only until August 30 to come up with a new plan. Stay tuned...

- CSX has sued NS and Norfolk & Portsmouth Beltline Railroad, alleging that they have created a monopoly at Norfolk International Terminal by essentially boxing out the Jacksonville-based carrier at the Port of Virginia's largest container facility. The legal maneuver, which was filed on Oct. 8 of last year, alleges that "NS and NPBL have used NPBL as a chess piece to establish and maintain NS's monopolistic control in and out of NIT by making it practically impossible for any other rail carriers to provide intermodal service to NIT." Operating at full capacity now and searching for answers in regard to growth, more cargo arrives and departs Hampton Roads by rail – 37 percent – than any U.S. East Coast port. The suit alleges that NS's market share at the port exceeds 70 percent and about 90 percent at NIT.
- Sofidel Tissue Company, an Italian firm which first expanded to the United States in 2012, has located its new state-of-the-art plant on the former Scioto Division Columbus District at Circleville, Ohio. The \$400M investment will manufacture napkins, paper towels, and toilet tissue. Built on a 280-acre site, it will – when fully operational – employ 700 people and produce 140,000 tons of product a year. Its automated, Smart Store warehouse is capable of handling more than 50,000 pallets. Sofidel choose the Buckeye State site based on its accessibility to underground water sources, reliable and affordable utilities, a skilled workforce, and intermodal transportation systems. Look for "Regina" when shopping; other Sofidel brands are marketed under the Softis, LeTre'fle, Sopalin, Nouvelle, Kittensoft, Volare, Forest, Nicky, and Papernet labels.

....

Steve Hutchison captured the 611 in the night photo shoot on a marvelously cold, perfect night after return to Spencer, NC after her residency at Strasburg Railroad.



Nominations for N&WHS Board of Directors

The Society elections will soon be upon us. Election Committee Chairman Todd Arnett is now accepting nominations for election to fill seats on Society's Board of Directors beginning at the Convention in June 2020. We elect three Directors every year, and in 2020 seats held by Tishia Boggs, Jim Flynn, and Gordon Hamilton will be up for election. Gordon is not eligible for re-election as he has reached the two consecutive term limit. Each of these positions is important in the operation of the Society. The future of the Society requires that we have a competent and committed group of officers and directors in leadership positions. It is also important that there be new participants in this process to ensure fresh ideas, relief for those currently serving and a spreading of the responsibilities so essential to the smooth functioning of the organization.

The Board normally meets three times each year with meetings in the Fall, in late Winter, and at the annual convention. In addition to a review of Society financial results, the agenda includes a wide variety of relevant topics.

The future and continued health of the Society make it essential that more members step forward and "get involved!" We have a 1,000-member organization with less than 20 members carrying the load to make things work. Why not you? Have you considered standing for election to the Board

of Directors in 2020? Would you like to sit in on one of the Board of Directors meetings to get a sense for what's involved? If you are interested in "getting involved" and would like more information, please contact President Todd Arnett via email: arnett@nwhs.org; or by mail at P.O. Box 13908, Roanoke, VA, 24038-3908.

Description of the Duties of a Director

Collectively, the Board of Directors assumes fiduciary, legal and philosophical responsibility for all N&W Historical Society activities. The Board of Directors is responsible for establishing society policy, approving the Society finances and determining the goals of the Society in accordance with its mission statement.

A Director should have a strong interest in the society's purpose and goals and in serving the membership. In addition, a members experience in or knowledge of administration, finance, program development, marketing, media communications, railroad and regional history, railroad modeling are useful strengths that can be directly applied to the administration of the Society and its projects and plans.

♦♦♦



Steve Hutchison also captured the 611 in a beautiful double header with 475 (masquerading as 382) on a freight at Strasburg. Thanks to Steve for sharing this and several others you may see soon from his trip.