

# MICHIGAN RAIL UPDATE

A publication of the  
Michigan Railroads Association

FALL 2012



## Railroad Infrastructure Investment

Every year America's freight railroads invest billions of dollars to build and maintain a system that is safe, reliable, efficient and affordable. Even during the economic downturn, railroads have continued making record investments—including more than \$20 billion in 2011—to grow and modernize the national rail network. And, unlike trucks, barges and airlines, which operate on infrastructure paid for by taxpayers, America's freight railroads operate almost exclusively on infrastructure that they own, build, maintain, and pay for themselves.

In recent years, freight railroads have spent approximately \$12 billion per year on their tracks, signals, and other infrastructure, and another \$9 billion on locomotives, freight cars, and other equipment. All told, from 1980 through 2010 they've reinvested \$480 billion—more than 40 cents of every revenue dollar—to maintain and modernize the national freight rail network.

**From 2001 to 2010, the average U.S. manufacturer spent 3 percent of revenue on capital expenditures. The comparable figure for U.S. freight railroads was nearly 17 percent, or more than five times higher.**

The freight railroad industry is far more capital intensive than most other industries. On average, railroads reinvest at five times the rate of the average manufacturer, building the rails upon which America's economy rides. In fact, the four largest U.S. freight railroads each spend more on their infrastructure than most state highway agencies spend on roadways.

Policymakers can help ensure that America has the rail capacity it needs in the years ahead by keeping reasonable regulations that protect shippers and consumers while giving railroads the freedom to operate in the competitive marketplace; by reforming the corporate tax code to enhance economic development and promote job growth;

and by entering into mutually beneficial public-private partnerships with railroads to solve critical transportation problems.

*(Continued on page 2)*



**From  
the  
President**

*Robert  
Chaprka*

## State Constitution Is The Wrong Place To Set Energy Policy

The Michigan Railroads Association recently joined the fight against Proposal 3, which would lock a \$12 billion renewable energy mandate into the state constitution and threaten local control of zoning.

This proposal would override the 2008 energy law – which already requires 10 percent of Michigan's electricity to come from renewable sources by 2015 – and replace it with a 25 percent standard by 2025. Because it will be locked into our constitution, the standard will have to be met, no matter what. If Proposal 3 is successful, Michigan would be the only state in the entire country to lock energy policy into its constitution.

Meeting a 25 percent renewable energy standard would require the construction of 3,100 wind turbines, each taller than the state Capitol.

Proposal 3 ignores the fact that our state constitution is not the place for a social experiment on energy policy.

It should be noted that the Michigan Railroads Association supports the use of renewable energy. The Michigan Railroads Association does not, however, support locking arbitrary standards into the state's foundation document without a plan for implementation or evidence of viability.

One of the dangers of Proposal 3 is that locking this costly mandate in the constitution, which only includes four technologies – solar, wind, biomass and hydro – would eliminate the flexibility that is vital to meeting new market challenges or to capitalize on unforeseen technological advances.

We believe the state constitution is the wrong place to set energy policy and encourage opposition to Proposal 3.

# Study of How Rail Can Boost Economy in Michigan's Northern Lower Peninsula Underway

The Michigan Department of Transportation (MDOT) has initiated a study on rail infrastructure's role in the economic development of Michigan's northern Lower Peninsula. The study was a recommendation of the recently completed State Rail Plan by MDOT.

In 2011, the northern Lower Peninsula was home to 13 of the 20 counties in the state with the highest unemployment rates. This area produces significant volumes of agricultural and forest products as well as non-metallic ores and minerals, which are traditionally carried by rail. Governor Rick Snyder's rural development initiatives have challenged state agencies to assist regions and businesses to better capitalize

**In 2011, the northern Lower Peninsula was home to 13 of the 20 counties in the state with the highest unemployment rates.**

on these assets, such as rail infrastructure, as well as develop new ones.

The northern Lower Peninsula has seven short line or regional railroads that serve the region from the south including a network of lines surrounding the Saginaw-Bay City area into the "Thumb" region of the state.

The MDOT study will identify how rail infrastructure can be utilized as an economic development engine for the northern Lower Peninsula. The study will seek information from existing businesses, the agricultural industry, economic development authorities, operating railroads, and transportation planning professionals.

Nikkie Johnson, Rail Project Manager at MDOT, stated that she is hopeful that this study can be used as a tool that this region can use to lift itself from high rates of unemployment and improve the quality of life for its citizens.

*(Railroad Infrastructure Investment continued from page 1.)*

As our economy continues to recover, the demand to move more people and goods by rail will also increase. Railroads are the best way to meet this demand, and they are committed to making the investments needed to help ensure this happens.

## Capital Expenditures as a % of Revenue for Various U.S. Industries Avg. 2001-2010

Average all manufacturing	3%
Food manufacturing	2%
Petroleum & coal products mfg.	3%
Machinery manufacturing	2%
Motor vehicles & parts mfg	3%
Wood product mfg.	3%
Fabricated metal products	3%
Chemicals	3%
Plastics & rubber products mfg.	4%
Paper	4%
Computer & electr. product mfg.	4%
Nonmetallic mineral product mfg.	5%
Electric utilities	16%
<b>Class I Railroads</b>	<b>17%</b>

Source: U.S. Bureau of the Census, AAR, EEI

## Michigan Operation Lifesaver News

Operation Lifesaver Inc., (OLI) celebrated its 40th Anniversary in June with a workshop and conference held in Denver, CO. Michigan Operation Lifesaver State Coordinator Sam Crowl attended and participated in the event along with 70 others from across the country. Some of the highlights included changes in the way new presenters training and certification will be done in the future using web based courses and social media to qualify new candidates. The new participants will be called "Authorized Volunteers." In addition there will be several other changes using social media to get the Operation Lifesaver message out. Also, it was announced that the major railroads had agreed to make up for the recent loss of federal funding. Other news included Ken Gilsdorf, a recently retired CSX official and MI-OL board member, being named OLI Consultant for the Grade Crossing Collision Investigation (GCCCI) and Rail Safety for Emergency Responders (RSER) training programs. Also Helen Sramek the President of OLI, Inc. has announced her retirement at the end of the year after six years in that position.

When Operation Lifesaver was created in 1972 the goal was to reduce the number of train/vehicle grade crossing crashes and the numbers



*Ron Batory, president and chief operating officer of the Consolidated Rail Corporation, speaking at the Michigan Operation Lifesaver quarterly meeting this past August 10th in Dearborn, MI. Batory outlined the outstanding work done by the volunteers of the Operation Lifesaver organization which helps prevent crashes at highway/railroad grade crossings and trespassing on rail lines.*

have shown success nationwide – down from over 2,000 fatalities in the early 1970's to less than 300 in recent years. By the 1980's the number of trespasser fatalities was greater than those killed in crashes. Operation Lifesaver will now put greater emphasis on reducing pedestrian and trespasser incidents across the nation.

Through this July, there has been one fatal crash in Michigan (near Lansing) involving a motorist, while we have had nine trespasser fatalities. Of the trespassers incidents, the use of headphones appears to be a major factor.

*(Continued on page 5)*



# MOVING MICHIGAN

## Huron & Eastern, Mid Michigan, Grand Rapids Eastern, Michigan Shore and Marquette Railroads

**Operations Center: Vassar, Michigan**  
(MMRR, GRE, MS and HESR Railroads)

**General Manager:**

**Jack Bixby-MMRR, GRE, MS and HESR**

**Asst General Managers:**

**Bob Dine – MMRR, GRE and MS**

**Anthony Hall – HESR**

**Marketing Manager:**

**Ken Livingston-MMRR, GRE, MS & HESR**

**Phone: 989-797-5132**



*Jack Bixby, General Manager  
MMRR, GRE, MS,  
HESR Railroads*

**Operations Center: Ludington, Michigan**  
(Marquette Rail)

**General Manager: Rick Jany – Marquette Rail**

**Manager Sales & Marketing:**

**Al Smith, Marquette Rail**

**Phone: 231 845-9000**



*Rick Jany, General Manager  
Marquette Rail LLC*

**Employees in Michigan: 141**

**Route Miles in Michigan: 610**

**Major commodities: Grain, Chemicals, Sugar Products, Sand, Coal, Auto Parts, Fertilizer, Windmills, Cement, Lumber, Scrap Metals, Pulpboard, Salt, Lime, Petroleum Products**

RailAmerica owns and operates five short line railroads in the State of Michigan. The RailAmerica lines are Huron and Eastern, Mid-Michigan, Grand Rapids Eastern, Michigan Shore and Marquette Railroads. Huron and Eastern began operations in 1986, and RailAmerica was formed in 1992 with Huron and Eastern as the flagship railroad. In 2000, RailAmerica purchased RailTex which added the Mid-Michigan, Grand Rapids Eastern and Michigan Shore Railroads. The Marquette Railroad, headquartered in Ludington, MI, was added in 2012. This acquisition is currently awaiting approval of the Surface Transportation Board in Washington, D.C. RailAmerica is presently in the process of being sold to Genesee and Wyoming Inc.

The MMRR, GRE, MS and HESR railroads combined have almost 500 miles of track and employ 108 people. They hauled approximately 50,000 carloads in 2011. Some of their major customers include Dow Chemical, Michigan Sugar, Michigan Agricultural Commodities, Auburn Bean and Grain, Consumers Energy, Nugent Sand, Sargent Sand, Co-Operative Elevator, Star of the West, Poet Biorefining, Dow Corning and LaFarge. Short line railroads, such as RailAmerica's Michigan lines, act much like the hub feeder system used by airlines for freight and passenger traffic.

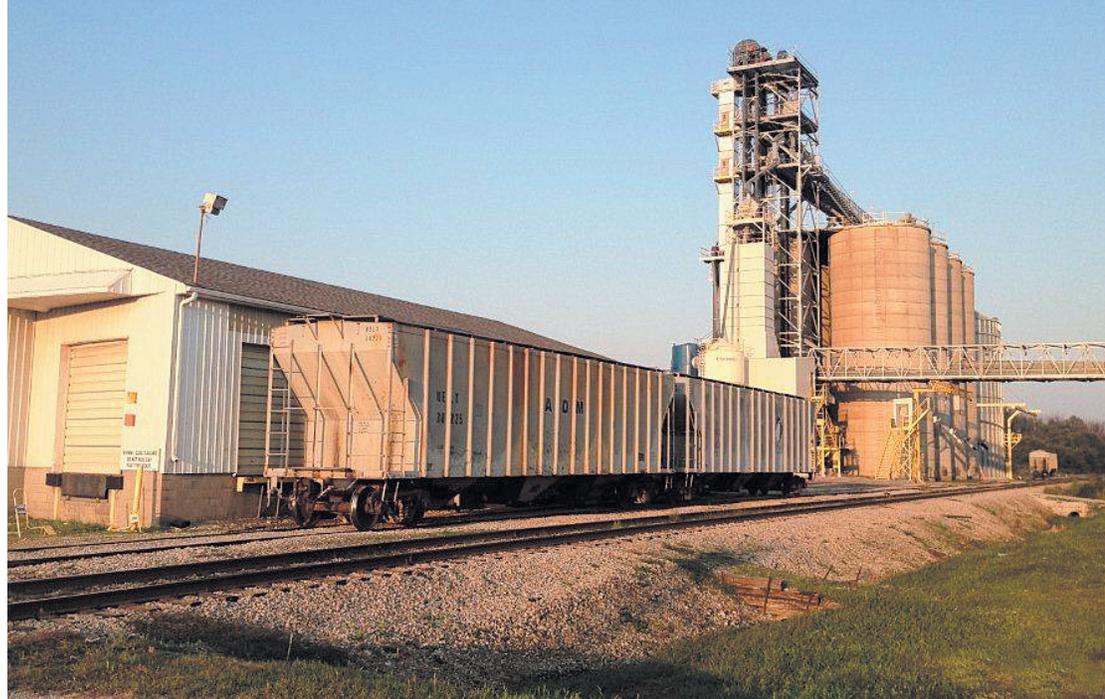
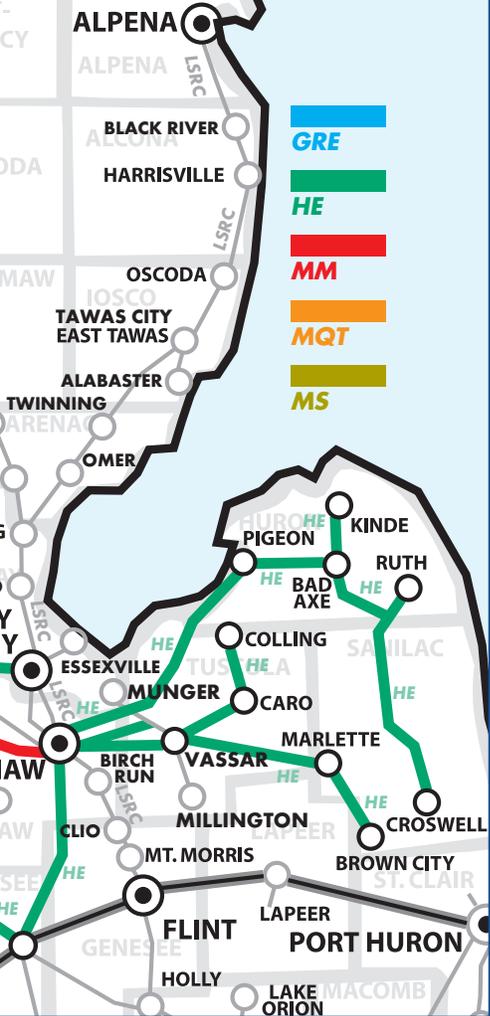


Short lines connect to the big companies' long distance lines at strategic centers, ensuring market access to most all corners of the state including Michigan's thumb area.

Marquette Rail, which stretches 130 miles from Grand Rapids to Manistee, Michigan, employees 33 people. They hauled 15,702 carloads in 2011. Marquette currently serves two dozen customers in eleven communities within Kent, Muskegon, Newaygo, Lake, Manistee and Mason Counties, including Occidental Chemical Corporation, Martin Marietta Magnesia Specialties, Packaging Corporation of America, Michigan Agricultural Commodities, Morton Salt and American Materials.

In many cases, smaller railroads have found a way to succeed where the larger railroads, because of cost, have not been able to continue operations. The entry of smaller railroads have saved thousands of miles of rail lines that were near abandonment. Short lines are what keep the vast majority of small town America connected to the national railroad network. Rail is the cheapest way to move bulk products 300 miles or more. If Michigan grain farmers want to market their product to poultry growers in the southeastern United States, they need to get their cars to one of the eastern U.S. Class 1 railroads to do that. Chances are they can't get there from here without using their local short line. Even if they could find enough trucks to make the move, the increased transportation costs would severely jeopardize their ability to compete in those markets.

The MMRR, GRE, MS and HESR railroads presently spend at least \$2 million per year in capital expenditures to maintain and improve their infrastructure, and almost another \$3 million per year of additional maintenance on tracks, signals and bridges. There are a few areas where the short line railroads are seeking support of the U.S. Congress and the state legislature.



Covered hopper rail cars at an elevator in Reese, Michigan waiting to be loaded for an outbound shipment. Farmers depend heavily on rail for inbound seed and fertilizer and outbound harvest to market.

by the short line. This credit expired at the end of 2011 and the American Short Line and Regional Railroad Association is actively pursuing legislation in congress to extend the credit.

- The Federal Railroad Association administers the Railroad Infrastructure Improvement Financing (RRIF) program that provides for 35 year term, low interest loans for rehabilitation, new construction and refinancing of both track and equipment. This program has a difficult and expensive application process. The program itself is in need of reform. Furthermore, the hardest years to repay a RRIF loan are the first few years of the loan when the railroad is trying to win back the traffic based on the newly

- In 2005 Congress passed a measure that provides a short line tax credit of 50 cents for every dollar invested up to a tax credit cap equal to \$3,500/mile of track owned or leased

rehabilitated track. The Michigan Department of Transportation is investigating ways where it might assist railroads with the expensive and lengthy application process, and perhaps even a modest contribution to those early year repayments. Also, making short lines eligible for federal rural development grant funding would be extremely beneficial to the preservation of short lines.

- Measures can also be taken at the state level to benefit short lines. Railroad grade crossings pose a significant infrastructure cost to railroads. Two measures are currently before the legislature that would provide relief: Senate Bill 544 would provide additional funding for railroads to rehabilitate highway/railroad crossing surfaces, and House Bill 4609 would provide additional funding to maintain safety enhancements (flashing lights and gates) at highway/railroad grade crossings. Railroads currently share this cost with local governments and county road commissions.

Short line railroads are an indispensable aspect of the total freight transportation network in the United States and are often an underutilized asset that offers opportunities for future growth.

## Railroads Look To Veterans To Fill Jobs

America's freight railroads are hiring and in 2012 expect to hire more than 15,000 people throughout the United States. These are well paying jobs that often lead to long careers in railroading.

America's freight railroads have for almost 200 years sought out military veterans to hire. Veterans' courage, adherence to safety, sense of teamwork and adaptability make them ideal railroaders. Early West Point grads helped lead the U.S. rail industry's formation, while Civil War veterans were there to help build and connect our nation by rail from coast to coast. This year the 15,000 the railroads expect to hire, 1 in 5 will likely have served in America's armed forces.

Freight rail is one of the few industries where many of the jobs do not require a college education, but the average employee compensation, in-

cluding salary and benefits, is more than \$100,000. The work is often physically challenging and safety is highest priority. Some jobs require travel or outdoor work.

Railroads offer people the chance to have a true lifelong career in a good job, with good training, great wages and benefits, and to work at a place that encourages individuals to achieve their highest potential. Railroads are looking for qualified men and women especially those who have served in our armed forces.

Go to the Association of American Railroads Web site at [www.aar.org/](http://www.aar.org/) jobs for more information on job opportunities in the rail freight rail industry.

# Above and Beyond The Call of Duty

By: Julie Gravelle, Director of Safety for the Great Lakes Central Railroad, headquartered in Owosso, Michigan

It was February 11th, 2012 just after noon. The day was clear and 34 degrees with a fresh dusting of snow on the road. The two train crew members of the Great Lakes Central Railroad were in for something more than a normal end of their day. Engineer Matthew Cox and conductor Jacob Ranck were traveling south delivering rail cars.

They were approaching Taft Road in Bannister, Michigan as Engineer Matthew Cox sounded the horn. A truck traveling eastbound too fast on Taft Road was unable to stop for the approaching train. The truck slid into the back of the second engine and went airborne as the driver was ejected.

Engineer Cox stopped the train as soon as he could. The truck had rolled over going down an embankment coming to rest in the Maple River. As an engineer, Mr. Cox's job is to call the police and the railroad dispatch to inform them of what had happened and where.



From left to right: Jacob Ranck and Matthew Cox, employees of the Great Lakes Central Railroad, pulled an accident victim from the Maple River saving his life. Jacob and Matthew were recognized for their bravery at an Operation Lifesaver meeting this past May. Photo by Rahn Stokes

Mr. Ranck hopped out of the engine and ran back to evaluate the scene of the accident. He first noticed the truck lying on the drivers' side and then heard a loud groan. The driver was caught on a tree lying across the Maple River. Conductor Ranck jumped into the river and tried to pull him to safety. He realized that he was not going to be able to pull him from the water and ice so he held the man afloat until fire & rescue arrived.

After engineer Cox called police and the dispatcher he climbed out of the engine to go down to the river to see if he could help. When he arrived a good samaritan and a sheriff's deputy were already on scene. They pulled the driver out of the river and he was taken to the hospital.

These men did their jobs and then some. The driver of the truck is still alive because these men went above and beyond their jobs to help a man in mortal distress.

(Michigan Operation Lifesaver News continued from page 2.)

Michigan Operation Lifesaver continues to hold quality quarterly meetings with an average attendance of 60 people including supporters, government officials, presenters and associates. The most recent meeting was held in Dearborn while all other meetings are held at the historic Durand Union Station in Durand, MI.

One of the major goals of Michigan OL is to provide railroad safety presentations to any group requesting, free of charge.

Michigan OL presenters continue to make high quality presentations across the state and man booths and tables at special events with over 14,000 contacts for the year to date. Some of the special events included: exhibits at The Henry Ford in Dearborn where over 2,000 contacts were made during the Thomas the Tank days; Railroad Days in Blissfield with the Adrian and Blissfield Railroad providing train rides; displays at the DeVos Center in Grand Rapids for the National Model Railroad Convention; a booth at the Michigan National Guard Safety day in Grand Ledge; event at Saginaw



Julie Gravelle, train dispatcher and director of safety for the Great Lakes Central Railroad, located in Owosso, MI, receiving the May, 2012 "outstanding presenter award" from Sam Crowl, Michigan Operation Lifesaver State coordinator. Photo by Rahn Stokes



Sharron Looney, a 17-year employee for the Norfolk Southern Railroad, receiving the August, 2012 "outstanding presenter award" from Sam Crowl, Michigan Operation Lifesaver State Coordinator. Sharron works in Norfolk Southern's Dearborn, MI headquarters. Photo by Rahn Stokes

Art Museum and two days at Crossroads Village near Flint for over 1,000 visiting the OL booth during Rail Fan days. Many other events are scheduled for later this year. The

Education Committee has held 12 RSER seminars for first responders across the state. In the enforcement area four GCCCI classes were held and four Officer on the Train programs were conducted. Special recognition award plaques were presented to Julie Gravelle of the Great Lakes Central Railroad and to Sharron Looney of the Norfolk Southern Railroad.

(Continued on page 6)

(Michigan Operation Lifesaver News continued from page 5.)

Recent guest Speakers at MI-OL quarterly meetings have included:

- Mike Bagwell - President & CEO - Great Lakes Central Railroad
- John Rickoff - President & CEO - Lake State Railway
- Janet Foran - Communication Specialist - MDOT
- Jewel Picket - Amtrak Safety Department
- Clinton Andrews - President - Enterprise Strategy Group

- Tina Hissong - Manager - MDOT Rail Safety Section
- Tammy Wagner - FRA Regional Manager - Crossings
- Robert Chaprnka - President - Michigan Railroads Association
- James D'Lamater - Manager - MDOT Office of Rail
- John Reiser - Prosecutor - Washtenaw County
- Ron Batory- President & Chief Operation Officer - Conrail

The next MI-OL quarterly meetings will be held at the Durand Union Station on November 9, 2012 and February 8, 2013.

Anyone interested in getting involved in Michigan Operation Lifesaver should contact Sam Crowl – State Coordinator at 248-823-7037 or email at [samcrowl@comcast.net](mailto:samcrowl@comcast.net) or visit the web at [www.mi-ol.org](http://www.mi-ol.org)



**OPERATION LIFESAVER®**  
**Michigan**

**For those interested in learning more or becoming active in Michigan Operation, contact OL State Coordinator Sam Crowl at (248) 823-7037 or [samcrowl@comcast.net](mailto:samcrowl@comcast.net) or [MI-OL.org](http://MI-OL.org)**

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