



Spring 2014

MRA

RAIL

UPDATE

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Rail Intermodal Stays In The Spotlight

Rail intermodal is on the rise. Intermodal represents a cost-effective, environmentally friendly alternative to excessive reliance on highways to transport freight. It has grown in large part, not just nationally but also here in Michigan, because railroads have invested billions of dollars on new intermodal terminals, track upgrades, and other infrastructure projects that have made rail intermodal more reliable and cost effective.

Rail intermodal is the long-haul movement of shipping containers and truck trailers by rail, combined with a (usually much shorter) truck movement at one or both ends. Intermodal allows railroads, ocean carriers, trucking companies, and intermodal customers to take advantage of the best attributes of various transportation modes to yield an efficient and cost-effective overall freight movement.

In the Great Lakes State, four Class 1 railroads operate intermodal facilities. Canadian Pacific, CN, CSX and Norfolk Southern efficiently move freight through their intermodal operations.

"U.S. railroads have created the most advanced intermodal network in the world..."

Intermodal is used to transport a vast variety of goods that Americans use every day - from paper products and furniture to frozen food, computers, tablets and smartphones. In fact, just about everything found on retailer's shelves might have traveled on an intermodal train. Intermodal is also used to transport industrial and agricultural products like auto parts and grain.

In 1990, containers accounted for 44 percent of intermodal volume. By 2000, the share was 69 percent. In 2012, it was a record 87 percent. Unlike trailers, containers can be "double stacked," thereby sharply increasing productivity and helping to ensure that there is sufficient traffic density to keep rail intermodal cost competitive with all-truck movements. In Detroit, planning is underway for construction work on a new double-stacker tunnel that will enhance intermodal activity in our state. This is on the Canadian Pacific line. CN currently operates a double stacker tunnel at Port Huron.

Successful intermodal corridors need sufficient line haul and terminal capacity to keep trains moving and to avoid congestion or delay. With this in mind, U.S. railroads have created the most advanced intermodal network in the world by more fully utilizing existing rail capacity and through tens of billions of dollars in investments

(Continued on page 4)

Focus on Safety & Training Remain Priority for Industry



**From
The
President**

Jon Cool

Technology and safety are key components in running a freight railroad. As freight railroad companies continue to move goods across Michigan, a focus on improving an already safety-driven

industry remains a daily priority. From large Class 1 railroads to smaller regional and short-line operations, the commitment and proactive safety culture is evident as railroad companies work with local communities, first responders, shippers, the state of Michigan and various federal entities.

Railroads have long moved hazardous materials across the national rail system and have a 99.98% safety record doing so. A little known fact is that railroads are required to transport hazardous materials. Additionally, railroads are a heavily regulated industry – adhering to strict safety standards from the U.S. Department of Transportation, Federal Rail Administration,

Federal Emergency Management Administration, Homeland Security and the Pipeline and Hazardous Materials Safety Administration.

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Being Prepared

The Michigan State Police, Emergency Management and Homeland Security Training Center (MSP/EMHSTC) annually provides cost-effective training solutions to more than 3,500 public - and private - sector individuals responsible for hazardous materials planning and response.

Specialized courses offered by the EMHSTC include: Railcar Specialty for Hazardous Materials Technician, Intermodal Specialty for Hazardous Materials Technicians, Advanced Air Monitoring, and Hazardous Materials Technician. The center also has an Advanced

Disaster Management Simulator (ADMS) that can simulate a real-time railroad disaster response.



A high pressure rail car is used in hazardous material training at MSP/EMHSTC"
Photo courtesy of MSP

The EMHSTC uses hands-on training and simulation aids to provide a realistic training environment for students, including instruction with railroad cars, highway tank trailers, above and below ground storage tanks, and personal protective clothing and equipment. Several railcars and props are located conveniently on-site in the training yard for simulating leak mitigation. The railcars can be used in many different types of scenarios.

For additional information regarding the EMHSTC or any of the courses offered, please visit www.michigan.gov/emhsd-training or call 517.322.5519.

(Continued from page 1) From The President

Each year, thousands of emergency responders, in collaboration with railroad and shipper employees, receive specialized training through railroad-specific programs such as the Transportation Technology Center's Security and Emergency Response Training Center. In Michigan, specialized training occurs at the Michigan State Police, Emergency Management and Homeland Security Training Center (MSP/EMHSTC) (see related story). This state of the art training facility was partially funded with private railroad company resources.

At the same time, railroad companies offer unique training exercises right here in Michigan, providing invaluable experience to local police and fire departments, county emergency response teams and others. This is hands on training provided by railroad companies for our local responders.

More and more the rail industry is actively involved with state emergency planning committees and provides appropriate local emergency management authorities with a list of the hazardous materials transported through their communities. Every county emergency director across Michigan knows what materials are being transported on the rail system. Railroads also use a sophisticated routing model, developed with FRA, PHMSA and FEMA, to help determine the safest and most secure routes for transporting materials.

Freight railroad companies have rigorous employee safety training requirements and strict operating procedures concerning the handling and movement of hazardous goods. Federal regulations and industry-imposed safety practices dictate increased locomotive and infrastructure inspections, rail car and track

maintenance schedules, and how to handle and secure trains carrying hazardous materials.

Part of the huge private capital investment railroads make each year includes safety and technology upgrades. To name just a few, these investments include: trackside acoustic detection systems, specialized laser inspections for rail, positive train control, defective wheel sensors and train scanning systems. All of these continue to help provide a state of the art rail infrastructure system.

Railroad companies reach out to first-responders, local officials and state governments to share information, provide invaluable training opportunities and to foster substantive relationships. The industry's safety goals are not just priorities – they are a culture they live by.

Planning Continues On New Double-Stacker

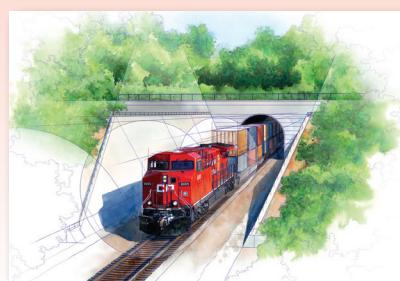
Canadian and U.S. trade has reached \$618 billion per year and continues to grow. Over \$148 billion of that crosses the Windsor-Detroit border making it the busiest crossing in the world. Of that amount, \$23 billion moves by freight rail.

The freight rail corridor between Montreal and Chicago, through the Windsor-Detroit border crossing, is a key component in Michigan's freight logistics future. Improving service within this corridor requires the construction of a larger rail tunnel at the Detroit-Windsor border to eliminate the current freight rail bottleneck.

The existing rail tunnel at the Windsor-Detroit border is 104 years old and carries over 400,000 rail cars each year. It is owned by the Detroit River Tunnel Partnership (DRTP), Borealis Infrastructure, and Canadian Pacific Railway (CPR). It is operated by CPR and is a neutral tunnel that is used by CPR, Norfolk Southern and CSX railroads.

The existing rail tunnel is not tall enough to allow double-stacked 9-6" container cars and other taller modern rail cars to pass through. The solution is to construct a replacement rail tunnel.

The replacement rail tunnel will be 1.6 miles long and have an inside diameter of 27.6 feet. Its development and construction is currently planned for 2014—2017.



Replacement Rail Tunnel Portal Illustration

MOVING MICHIGAN



a Genesee & Wyoming Company



Featuring Marquette Rail



Anthony Hall, General Manager Marquette Rail LLC

Marquette Rail (MQT), a short-line railroad operation, serves West Michigan with 128 miles of track running through Kent, Manistee, Mason, Muskegon and Newaygo Counties. The primary rail route extends from connections with

CSX and Grand Elk Railroad - at Grand Rapids - northward to the Lake Michigan shore communities of Ludington and Manistee.

These lines, formerly part of the Pere Marquette Railroad network, have been in continuous operation since 1874. At one time, the Pere Marquette network covered most of the state's Lower Peninsula.

Besides operating in Michigan, Pere Marquette Railroad also operated in Indiana, Ohio, and Ontario, Canada. In the 1920s, the Pere

Marquette (by this time reincorporated as the Pere Marquette Railway) came under the control of brothers Oris and Mantis Van Sweringen, who were businessmen from Cleveland. They also controlled the New York, Chicago & St. Louis Railroad, the Erie Railroad and the Chesapeake & Ohio Railway, and planned to merge the Pere Marquette with those companies. However, the Interstate Commerce Commission rejected the merger and the Pere Marquette was instead sold to the Chesapeake & Ohio Railway (which later became part of CSX Transportation).

Marquette Rail was established in 2005 in a carve-out transaction from CSX Transportation. The track operated by MQT consists of the former CSX Baldwin, Ludington and Manistee subdivisions. MQT was purchased in 2012 by RailAmerica, which later that year became part of Genesee & Wyoming.

MQT transports chemicals, paperboard, grain, salt, feed, petroleum products, steel and other commodities. Major customers include Occidental Chemical Corporation, Martin Marietta Magnesia Specialties, Packaging Corporation of American, Michigan Agricultural Commodities, Morton Salt, Sargent Sands and American Materials.



Connections with both major Eastern trunk lines - CSX & Norfolk Southern - make MQT a preferred source for box car, hopper and tank storage accessible to the upper Midwest.

The railroad company serves as a storage agent for fleet owners requiring convenient accommodations for seasonally inactive or off-lease rolling stock. Capacity is in excess of 500 railcars. All car types are routinely inspected, received and delivered on short notice. Repairing and testing services can also be provided for customers upon request.



Marquette Rail locomotive #3389 leaving Ludington heading for Grand Rapids

Employees:

Route Miles:

Major Commodities:

Headquarters:

Main shop:

Approximately 30

128 (leased track)

Chemicals, paperboard, grain, salt, petroleum products

Ludington, Michigan

Manistee, Michigan

New Amtrak Upgrades

In 2013, the Michigan Department of Transportation (MDOT) made some big gains toward the goal of increasing passenger rail speeds to 110 mph over the next



Anchor Inserting & Spike Work Performed by Norfolk Southern Crew In Battle Creek
Photo courtesy of MDOT

two years between Kalamazoo and Dearborn. Amtrak already is running 110 mph accelerated rail service between Kalamazoo and Porter, Indiana.

After purchasing and assuming the maintenance responsibility of 135 miles of track between Kalamazoo and Dearborn, MDOT contracted Norfolk Southern to install 132,000 ties, resurface 135 miles of track and replace 165,000 feet of rail from September to November 2013. Originally slated for three entire construction seasons, MDOT was able to take advantage of Norfolk Southern work forces, including a large tie gang and two rail gangs, to condense the construction

schedule to three months. Not only did the shorter construction schedule yield faster results, it also significantly limited the disruption to Michigan Amtrak services and MDOT rail patrons.



Norfolk Southern Crew Replaces Ties Near Dearborn
Photo courtesy of MDOT

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in new infrastructure and equipment directly connected to intermodal operations.

These investments include:

- New or expanded inland intermodal terminals to facilitate the transfer of containers and trailers between rail and truck
- New near-dock intermodal terminals to facilitate the transfer of containers between ship and rail
- Raising clearances along rail routes to accommodate the additional height required for double-stack trains
- Adding track capacity and advanced signaling systems to accommodate faster, more frequent trains on the rail network
- Introducing a variety of new intermodal car types throughout the national intermodal network and modernizing the locomotive fleet to enhance reliability for rail customers.

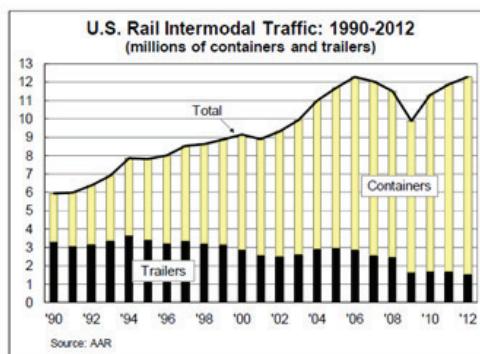
The intermodal-specific investments are part of a much broader set of \$525 billion in rail investments since 1980 — paid for with railroads' own funds, not government funds — on locomotives, freight cars, tracks, bridges, tunnels, and other infrastructure and equipment. That's more than 40 cents out of every rail revenue dollar. In recent years America's freight railroads have been reinvesting more than ever before — including more than \$25 billion in 2013 — back into a rail network that keeps our economy moving.

There are a number of key reasons for the growth in rail intermodal in recent years:

- Better service. Railroads know that reliability is crucial to successful intermodal operations.

That's why they've put enormous effort into improving their intermodal service.

- Huge investments. The rail investments described above are now paying off in terms of more productive and reliable intermodal operations.
- International trade. About half of U.S. rail intermodal volume consists of imports and exports. International trade volume fell during the recession, but has been growing again more recently. Experts predict continued growth into the future.
- Conversion of boxcar traffic. Some rail traffic that used to go by boxcar now goes by



container. Auto parts, for example, now often move by container.

What are some of the benefits of rail intermodal? Trucks are, and will remain, critical to freight transportation and to America's economy. However, railroads are more cost effective, more fuel efficient, and more environmentally desirable than an overreliance on highways for freight transport. Consider:

- Railroads move a ton of freight an average

of 476 miles per gallon of fuel. On average, railroads are four times more fuel efficient than trucks. Because greenhouse gas emissions are directly related to fuel consumption, moving freight by rail instead of truck reduces greenhouse gas emissions by 75 percent.

- Freight trains, including intermodal trains, can carry the freight of several hundred trucks. One intermodal train replaces 280 trucks.
- Finally, shifting freight from trucks to rail reduces the pressure to build costly new roads and helps cut the cost of maintaining the roads we already have.

What does the future hold for intermodal growth? In Michigan, and across the country, we will need to move more people and goods. Recent forecasts reported by the Federal Highway Administration (FHWA) found that total U.S. freight shipments will rise from an estimated 17.6 billion tons in 2011 to 28.5 billion tons in 2040 — a 62 percent increase.

Fortunately, intermodal rail represents a viable and socially beneficial way to help meet this growing demand. Today, rail intermodal service takes millions of trucks off our highways each year, and its potential to play a much larger role in the future is enormous.

This does not mean we should stop investing in highways, but it does mean that we all should be aware of the tremendous role rail intermodal plays in meeting our freight transportation needs.

Michigan Operation Lifesaver News

Michigan Operation Lifesaver (MI-OL) is a volunteer based statewide organization affiliated with the International group Operation Lifesaver Inc., which is based in suburban Washington, D.C.

The mission of Operation Lifesaver is to reduce and eliminate train/vehicle grade crossing crashes and trespasser incidents around railroad property by using the three E's - Education, Engineering and Enforcement.

In 2013, reports show that there were 41 crashes at intersections resulting in 2 fatalities and 18 injuries. This is great reduction in train/vehicle fatalities from a high in 1985 of 40 deaths as a result of crashes. Trespasser deaths are down from 13 in 2012 to eight in 2013. Nationwide, rail incident deaths are up approximately 10%.

MI-OL will be placing a greater emphasis on trespasser prevention incidents at school, fair, organization and special event presentations in the future.

There were 22 OL qualified presenters on board in 2013. These presenters submitted reports for 342 presentations contacting over 18,000 people at various locations across Michigan. MI-OL presenters also attended and

participated in 48 special events held at various locations such as The Henry Ford, Greenfield Village and at Crossroads Village near Flint. Home Depot stores are now inviting MI-OL to set up a booth on their safety days in the fall. MI-OL presenters are also invited and attend most train shows in Michigan.

"Operation Lifesaver presenters shared its safety message with over 18,000 people across Michigan in 2013."

without a "presenter" or OLAV. However, MI-OL will continue to promote live and in person programs for better emphasis.

MI-OL has quarterly meetings set for: May 9, 2014 in Durand, August 8, 2014 in Ann Arbor at the Washtenaw County Sheriff's office and November 14, 2014 at the historic Durand Union Station. All meetings start at 9:30am. Anyone interested in becoming an OL volunteer may attend a quarterly meeting. To contact Michigan OL, please contact Sam Crowl - State Coordinator - at 248.823.7037 or samcrowl@comcast.net. Also see www.oli.org for more information.

Operation Lifesaver training classes were held for special groups of police, fire and emergency responders along with school bus drivers at several locations.

Starting in 2014 OL has begun a new program for volunteers who were formerly called "presenters". The new title for volunteers will be "Operation Lifesaver Authorized Volunteers" or OLAV's. The new program will be phased in with training classes at various locations throughout the year and continue as needed in the future. MI-OL is advertising for new volunteers to become OLAV's.

The biggest change in the new OLAV program is to promote the OL message using social media sites. This will allow quick access to all OL safety materials and can be used as needed



George Tolliver (right), CN Police Special Agent, receiving "Presenter of the Quarter" award from Sam Crowl (left), Michigan O.L. State Coordinator – 2013 winter meeting



Railroad Emergency Contact Numbers

The Railroad Emergency Contact list, as well as the state rail system map, is maintained and updated on the MRA website. Please log on to: www.michiganrailroadsassociation.com for additional information.

Adrian & Blissfield Railroad (ADBF)
24 Hour (800) 555-2580

AMTRAK
24 Hour Police (800) 331-0008

Ann Arbor Railroad (AA)
24 Hour Hallett Tower (419) 726-3237

Canadian Pacific Railway (CP)
24 Hour Police (800) 716-9132

Charlotte Southern Railroad (CHS)
24 Hour (800) 555-2580

CN (CN)
24 Hour Police (800) 465-9239

Conrail (CR)
Norfolk Police: (800) 799-0994

Coopersville & Marne Railway (CM)
24 Hour – Jerry Ricard (616) 994-8296

CSX Transportation (CSX)
24 Hour Police (800) 232-0144

Delray Connecting Railroad (DC)
24 Hours William Bacon (313) 498-5700

Detroit Connecting Railroad (DCON)
24 Hour (800) 555-2580

Escanaba & Lake Superior Railroad (ELS)
Office (800) 562-4829

Bob Anderson (906) 280-2513
After Hours (877) 656-4829

Grand Elk Railroad (GDLK)
24 Hour (866) 386-9321

Grand Rapids Eastern Railroad (GRE)
Office (989) 797-5100

After Hours (866) 527-3499 or (802) 527-3499

Great Lakes Central Railroad (GLC)
Office (800) 622-7245 ext 105

After hours above 800# directly forwarded to emergency contact.

Huron & Eastern Railway (HE)
Office (989) 797-5100

After Hours (866) 527-3499 or (802) 527-3499

Indiana Northeastern Railroad (IN)

Office (517) 439-4677

After Hours: Julie Gordon (517) 398-0005

Troy Strane (517) 617-1908

Indiana & Ohio Railway (IO)

24 Hour (800) 979-4958

Jackson & Lansing Railroad (JAIL)

24 Hour (800) 555-2580

Lapeer Industrial Railroad (LIRR)

24 Hour (800) 555-2580

Lake State Railway (LSRC)

24 Hour Dispatch (989) 757-7560

Lake Superior & Ishpeming (LSI)

24 Hour (906) 475-4781

Marquette Rail (MQT)
Office (231) 845-9000

Michigan Shore Railroad (MS)
Office (989) 797-5100

After Hours (866) 527-3499 or (802) 527-3499

Michigan Southern Railroad (MSO)

Office (800) 446-7245

After Hours: Tom Black (479) 414-6563

Shane Cullen (309) 369-4143

Mid-Michigan Railroad (MM)

Office (989) 797-5100

After Hours (866) 527-3499 or (802) 527-3499

Norfolk Southern Railway (NS)

24 Hour Police (800) 799-0994

Special Agent Keith Bennett (313) 790-0612

Special Agent Walt Tylicki (313) 790-3017

West Michigan Railroad (WMI)

24 Hour: Tom Black (479) 414-6563

Shane Cullen (309) 369-4143

Rail Insider Spotlight



Peter Anastor, Managing Director for Logistics, Supply Chain and Manufacturing, MEDC

Q: Please introduce yourself.

I am a Michigan native who enjoys everything our state has to offer from boating on Lake Michigan to Tigers games in Detroit.

Q: Tell us about your position.

I am the Managing Director for Logistics, Supply Chain and Manufacturing at the Michigan Economic Development Corp (MEDC). This position is responsible for implementing the State's Logistics and Supply Chain Strategy and impacting our goal of more and better jobs and investment in Michigan.

Q: What brought you to the MEDC?

My passion for economic development started in college. When the opportunity to have a positive impact in my home state of Michigan was offered to me, I did not hesitate.

Q: How does your position impact freight rail.

The Logistics and Supply Chain Strategy is designed to align freight transportation and economic development. My position is designed to leverage Michigan's strengths and create opportunities for a more competitive Michigan, including in the utilization of freight rail.

Q: Can you mention a current project you are working on?

There are many, but one key project is the evaluation of our logistics assets and the creation of a blue print to accelerate the utilization and optimization of those assets. This is all being done to help businesses lower costs, reduce time and remove risk from their logistics and supply chain operations.

Q: Are you considered the “go-to” person at MEDC for freight rail questions?

I would say yes. If I can't answer someone's question, I will certainly work hard to find the right person to help.

Q: Tell us something we don't know about MEDC.

In addition to being Michigan's economic development agency, we are also responsible for those awesome Pure Michigan tourism commercials, as well as the Michigan Film Office and the Council for Arts and Cultural Affairs.

Q: Does the freight rail industry interact well with MEDC?

I think there is a lot of room for improvement here. We meet with businesses on a daily basis and I think a lot of businesses have no understanding of the value and opportunities available in using rail. I would love to see greater interaction between the rail industry, MEDC and MDOT.

Q: If someone has a question about MEDC or freight policy, how can they contact you?

The best way is via email at anastorp1@michigan.org. You can also go to our website MichiganBusiness.org for information on the MEDC and our programs.

Q: How can readers follow the MEDC?

The MEDC uses all varieties of social networking, so check us out on Facebook and Twitter by visiting us on the web at: www.michiganbusiness.org.



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