

Photo Courtesy of Zack Segur



Fall 2016 MRA RAIL UPDATE

A Publication of the Michigan Railroads Association

Railroads Drive The American Economy

Freight railroads have played a transformational role in the development of America—revolutionizing transportation and catalyzing the country's economic development for almost two centuries. Today, America's freight railroads serve nearly every industrial, wholesale, retail and resource-based sector of the economy, operating over a network of nearly 140,000 miles.

Freight railroads provide the foundation that enables the world's top economy to thrive. For manufacturers and consumers, small and large businesses, energy companies and farmers, freight rail is the basic building block that allows a great sweep of economic activity to take place across the country – and here in Michigan. Without railroads, our economy would be vastly different.

Whether selling or building automobiles and houses, powering businesses or enabling manufacturers to reach new customers, American industries rely on rail to get raw goods

and products to market in the United States and beyond. The net economic effect is profound.

Railroads account for approximately 40 percent of intercity freight volume—more than any other mode of transportation. Together with their counterparts in Canada and Mexico, North America's freight railroads form the world's most

“Freight railroads trigger a powerful economic ripple effect across a myriad of U.S. industries.”

efficient, cost effective and reliable freight rail system in the world.

U.S. freight railroads are overwhelmingly privately owned and operate almost exclusively on tracks the railroads build and maintain themselves. From 1980 to 2015, railroads spent approximately \$600 billion of their own funds on

locomotives, freight cars, tracks, bridges, tunnels and other infrastructure and equipment to keep the economy moving. In 2015, America's freight railroads spent more than \$30 billion to sustain and enhance their nationwide network.

Railroads are part of an integrated system that also involves trucks, barges and pipelines, and moves 54 tons of freight per American every year. Second to none in the world, this transportation network enhances both our quality of life and standard of living in innumerable ways.

This critically important network would not exist if federal policymakers undermined the transformative measures enacted through partial deregulation.

A new report, for the first time ever, shares data that begins to quantify the freight railroad sector's economic and fiscal impact. The findings underscore the fact that freight railroads trigger a powerful economic ripple effect across a myriad

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New Surface Program Starts in 2017



From The President

Jon Cool

begin accepting applications by the end of 2016.

The MRA has partnered with MDOT, County Road Association and Michigan Municipal League for over 10 years on this concept. The new cost-share program allows for local road jurisdictions to partner with area railroads in the effort to improve railroad crossing surfaces.

There will be \$3 million available in 2017 for surface crossing repairs – which helps to improve safety for the motoring public. Railroads will cover 40% of the cost to make

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Haz Mat Training Facility Recognized

On Wednesday, September 21, the Michigan House & Senate each approved resolutions commemorating the 25th anniversary of the Michigan State Police Hazardous Materials Training Facility.

Members of the Michigan Railroads Association, in collaboration with other industry partners, helped finance the construction of the first-of-its-kind training facility in 1991. Sen. Jim Stamas (R-Midland) and Rep. Aaron Miller (R-Sturgis) sponsored the resolutions. The training facility, just outside of Lansing, trains around 2,000 first responders annually.

Thank you Sen. Stamas and Rep. Miller for recognizing the training facility.



L-R: John Dulmes – MCC, Capt. Chris Kelenske – MSP, Bob Chapmka – MRA retired, Sen. Jim Stamas, Andy Such – MMA, Rep. Aaron Miller, Jon Cool – MRA and Matt Solak – MPGA.

Rising Star: Mike Logan



Mike Logan, of E&LS
Recipient of 2016 Rising Star Award

Mike Logan, with Escanaba & Lake Superior Railroad (E&LS), has been named a rising star in the rail industry. Mike has worked with E&LS for 19 years – being promoted numerous times, from foreman of the repair-in-place track to manager of the railroad’s car repair facility.

Today, Mike is responsible for all mechanical aspects of the railroad, as well as the two car shops and the blast-and-paint facilities. As part of his responsibilities, he oversees 90 workers and serves 48 customers, which include private-car owners and two Class I companies.

Congratulations Mike!

New Manager Named at Training Center



Mike Farmer has been named manager at the Michigan State Police Emergency Management & Homeland Security Training Center. Mike began in this new role in February 2016

4th Annual Rail Conference Held In Upper Peninsula

The 4th annual Michigan Rail Conference was held in Marquette August 17-18 at Northern Michigan University. This year’s conference theme was, “Connecting the Dots: Business, Communities and Technology”

Presenters provided their expertise on subjects that ranged from the future of rail in Michigan, to rail operations and related development in the Upper Peninsula and passenger rail in the age of lean public investment. The conference included local speakers, panelists from across Michigan, as well as experts from around the country.

The conference included tour stops on day two visiting sites served by rail in the region. Attendees also stopped by the Escanaba &

Lake Superior Railroad as part of the outing and were glad to welcome Governor Rick Snyder for a tour, as well.

Please make note that the 2017 rail conference will be held in Kalamazoo. Dates yet to be determined.



Tom Klimek, E&LS VP of Marketing explaining rail operations to field trip attendees.
Photo Courtesy of Joe Reynolds



L-R: Rep. Scott Dianda and Dr. Pasi Lautala - Director, Rail Transportation Program.
Photo Courtesy of Joe Reynolds

of U.S. industries.

The report makes clear that the freight railroad industry relies on forward-thinking policies that allow railroads to earn the revenues needed to invest back into rail infrastructure and meet demands in a changing marketplace. Without these policies, the nation would lack a sound freight network that safely, reliably and cost-effectively transports goods and provides a passageway for people each day.

The researchers found that the railroads' operations and capital investment in 2014 generated \$273.6 billion in goods or services produced—or 1.6 percent of total U.S. economic output.

This spending and investment had significant effects for the national and state economies, including \$20.9 billion in federal tax revenues and \$11.9 billion in state and local taxes.

In fact, the state and local taxes generated by railroads outpaced 2014 tax revenues collected by 30 states. The report finds this economic activity is helping to put Americans to work, particularly in high-paying jobs within the rail industry, which, in turn, reaches communities.

In 2014, the average U.S. Class I freight railroad employee earned \$86,200 in annual wages and

\$33,400 in fringe benefits, for a total average yearly compensation of \$119,600. By contrast, the average wage per full-time U.S. employee in 2014 was 66 percent lower at \$57,100 annually, and average total compensation was 59 percent lower at \$70,700 per year.

also supported roughly 125,000 manufacturing jobs and more than 113,000 transportation and warehousing jobs.

Clifford Winston, an economist at The Brookings Institution, argues that railroads are an integral part of a transportation sector that affects every part of the U.S. economy and life. "If you want to measure the impact of a transportation mode, you must consider what an economy would look like without that mode," said Winston.

"Freight rail is an integral part of the economy. Its extensive and improved network enables connectivity between buyers and sellers and facilitates trade within the United States and between the United States and other countries. Without an efficient rail network, U.S. industries would incur higher costs, and those costs would raise the prices of a large share of consumer goods."

Report's Key Findings:	
In 2014, Class I railroads spent nearly \$28 billion in capital and maintenance expenditures, an amount equal to more than half of all federal government spending on transit formula grants, federal highway construction programs and airport improvement programs. Additionally, freight railroad generated nearly \$274 billion in economic activity —or 1.6 percent of total U.S. economic output.	
	Generated nearly \$33 billion in total federal, state and local tax revenues , which helped build schools, pave roads and pay for teachers, police and firefighters
Supported nearly 1.5 million jobs across the country	Created almost \$89 billion in total wages , with one job in the freight rail industry supporting nine others

In 2014, railroads supported about 1.5 million U.S. jobs—or 1.1 percent of U.S. workers—tied to railroad spending and generated nearly \$89 billion in total wages, with one job in the freight rail industry supporting nine others. For example, railroad activity supported more than 234,000 retail trade sector jobs in 2014, such as those in motor vehicles, furniture and home furnishings and electronics and appliance stores. Railroads

Railroads have a deep economic impact that we feel every day here in Michigan – and across the country. Rail truly does have a wide footprint on the economy, impacting many industries and occupations. The freight rail industry creates jobs, supports communities and brings American goods to the global marketplace.

Source: Association of American Railroads

In Memory

It is with great sadness that we share that two Michigan legislators have passed away in recent months. Both were extraordinary people who were known for their positive personalities and for genuinely caring for the people around them.

Rep. Julie Plawicki passed away while hiking in Oregon this summer at the age of 51. Julie represented the communities of Garden City and Dearborn Heights in Southeast Michigan. She was in her first legislative term and recently had joined the MRA at our spring reception, winter board meeting and for a tour of the MSP Hazardous Materials Training Center. She was eager to learn more about the freight rail industry and enjoyed interacting with MRA membership.

Rep. Peter Pettalia, chairman of the House Transportation Committee, was killed in a motorcycle accident in Northern Michigan in September. Rep. Pettalia represented 4 counties in the Alpena region of the state and was in his final term in the House of Representatives. Chairman Pettalia attended many rail meetings and events, most recently speaking at the 2015 MRA summer board meeting. Peter was a rail advocate who strongly supported the industry.

Both Julie and Peter were highly respected legislators and well-liked by their colleagues and others who had the opportunity to work with them at the Capitol. They will both be sincerely missed.



Rep. Peter Pettalia



Rep. Julie Plawicki

MOVING MICHIGAN



Tim Tierney
VP and Chief Engineer

Featuring CONRAIL

work there. Conrail has been building a young, career-oriented workforce, ensuring strong roots for long term growth.

Safety, Service, and Efficiency

Since its rebirth as a switching and terminal railroad, Conrail has improved its performance in the areas of safety, service, and efficiency. Employee injuries have been reduced by 55%; derailments in Detroit have been reduced by 69% and through initiatives with the Michigan Department of Transportation, grade crossing accidents have been reduced by 27%.

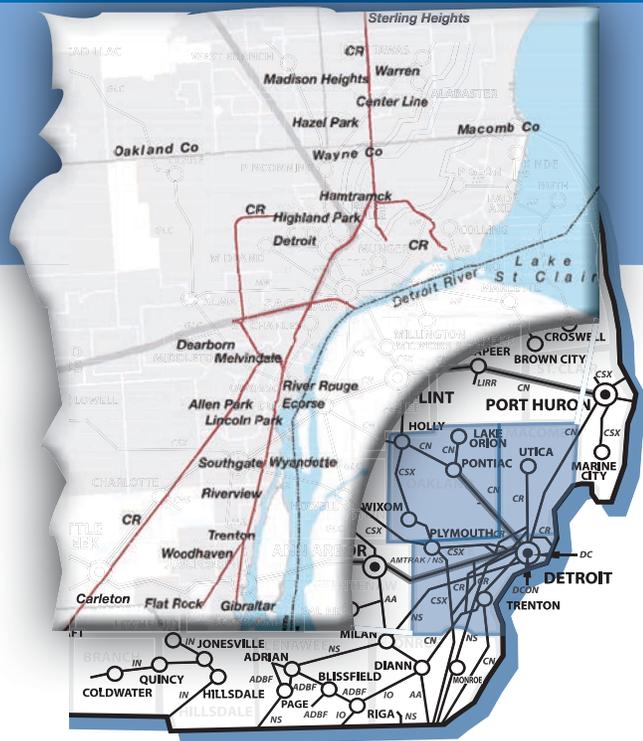
Conrail is a switching and terminal railroad performing as an agent for its owners, Norfolk Southern and CSX, in what are known as the Shared Assets Areas of Northern New Jersey, Southern New Jersey/Philadelphia, and Detroit, Michigan.

Although Conrail doesn't handle commercial matters for customers, it does play a critical role for its parent companies by providing safe and efficient rail service in the geographic regions that it serves. This includes serving customers located on Conrail lines, switching NS and CSX road trains, supporting intermodal services, and dispatching freight and passenger trains in the Shared Assets Areas.

Detroit Operations

Conrail operates approximately 356 miles of track in the Detroit area, serving 74 industries along its lines. Operations are focused on the corridor connecting Carleton/Trenton, Detroit, and Sterling Heights. Trains operate out of four main yards: Livernois, North Yard, River Rouge, and Sterling. In 2015, Conrail handled almost 270,000 cars in Detroit alone. In the Livernois intermodal facilities, Conrail hosted over 276,000 lifts, a staggering increase from the approximately 47,000 lifts hosted in the year 2000. The primary commodities hauled by Conrail include finished vehicles, auto and truck parts, coal, minerals, paper, scrap, chemicals, and steel.

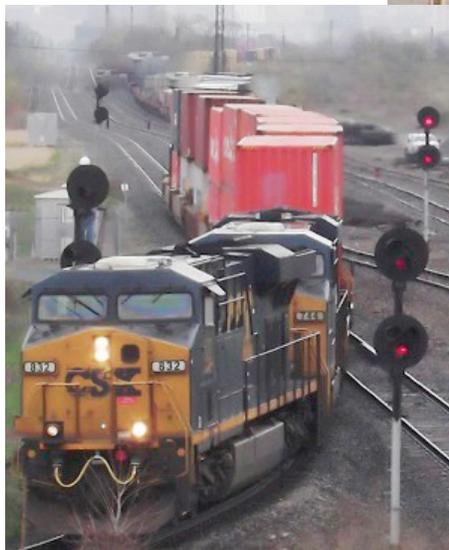
Terminal Superintendent, Kory S. Johnson, leads Conrail operations in the Detroit area and oversees the 241 employees who



to immediately document train and car movements, increasing reporting speed and accuracy and providing better information for customers.

Beyond technological improvements, Conrail has also begun serving every customer a minimum of five days a week. This means that cars are delivered to customers as soon as possible after arrival on Conrail, and overall car cycle times are reduced.

On the engineering side, the Conrail



CSX's Q151 pulling through CP Lou departing the Detroit Intermodal terminal heading to Northwest Ohio.



Conrail yard crew working in the heart of Detroit at Jefferson North Assembly Plant (JNAP).

	Conrail Shared Assets Detroit Operations	
Terminal Supervisor: Kory S. Johnson	Detroit Headquarters: Livernois Yard, Detroit, MI (313) 297-5541	Major Commodities: Finished Vehicles, Auto and Truck Parts, Coal, Minerals, Paper, Scrap, Chemicals, and Steel
Employees in Michigan: 241		
Michigan Track Miles: 356		

physical plant continues to be strengthened with smart and timely investment to maintain existing utility and add capacity as needed. Conrail participates in Public Private Partnerships with MDOT and other governmental agencies, and is thankful for their support in providing safe and reliable infrastructure for current needs and future growth.

Conrail's achievements over the past sixteen years are a reflection of what dedicated people can accomplish by working together. By strengthening its safety, performance levels, and physical plant, Conrail looks forward to providing the best customer service achievable for the growing customer base it serves on behalf of CSX and Norfolk Southern in the Detroit area.

Operation Lifesaver

Michigan Operation Lifesaver (MI-OL.org) volunteers continue to make presentations and set up displays for special events across the state, including drivers training classes, schools and fairs.



Special Agent Jon Bondra, CN Police receives Outstanding Presenter Award from Sam Crowl, MI-OL at the April OL meeting.
Photo Courtesy of Rahn Stokes

In August and September several school bus training events were scheduled for bus drivers and instructors. Other special MI-OL events included three weekends in May for "A Day Out with Thomas" at the Henry Ford Museum in Dearborn where up to 6,000 people visited our booth inside the roundhouse.

In August, the Genesee County Parks & Recreation Department invited MI-OL to be a part of 'Rail Fans Weekend' at the Huckleberry Railroad near Flint. Over 1,000 guests visited our booth and display to receive rail safety information.

OLI held its International Conference and Workshop in San Antonio, TX in June for over

300 attendees. Michigan had 5 Operation Lifesaver Authorized Volunteer (OLAV's) attend the event.

Nine new volunteers were qualified as Authorized Volunteers at a July seminar at the Washtenaw County Sheriffs' Learning Center. There are now 58 OLAV's in Michigan qualified to represent MI-OL at meetings and special events. Additional classes are scheduled as needed.

The week of September 11-17 was proclaimed 'Rail Safety Week' in Michigan in a proclamation signed by Governor Rick Snyder. The proclamation was obtained at the request of Jon Bondra of the CN Police Department.

The document was sent statewide to media outlets asking for its promotion – highlighting the numbers of auto/train crashes over the past two years. In addition, local law enforcement agencies across the state were asked to 'step up' observations and enforcement around railroad tracks.

CSX Special Agent John Popma has been appointed 'Enforcement Chairman' for MI-OL. Agent Popma will head up efforts to do more Grade Crossing Crash Investigation



Sam Crowl recognizes Bob Mrva as Outstanding Presenter at August OL meeting.
Photo Courtesy of Rahn Stokes

(GCC) and Officer on the Train (OOT) special training events. Officer Popma has 17 years of service with the railroad police department.

Quarterly meetings are held at the historic Durand Union Station or at the Washtenaw County Sheriffs' Complex in Ann Arbor. The next meeting in Durand will be held on Thursday November 10, 2016. Anyone interested in railroad safety is encouraged to attend.

For further information or to become a volunteer, please contact Sam Crowl – O.L. State Coordinator at: samcrowl@comcast.net or via phone 248-823-7037.

Operation Lifesaver Mission Statement

Operation Lifesaver is a non-profit 501-c-3 public safety education and awareness organization dedicated to reducing collisions, fatalities and injuries at highway-rail intersections and trespasser incidents along railroad rights-of-ways.

Legislators Tour Lake State Railway

The Lake State Railway Corporation welcomed legislators to Saginaw recently to tour the railroad's yard operations and to see first-hand what goes into running a railroad. Mr. John Rickoff, LSRC president, coordinated the visit and was pleased to engage the legislators on the importance of a vibrant freight rail industry in the thumb region – and across Michigan.

The tour included: a review of the locomotive maintenance shop, information sharing with employees, a briefing in the dispatch tower and a trip through the rail yard to fully understand all components of an efficient rail operation.

There were many beneficial conversations held during the tour and we look forward to future visits. Thank you for taking the time to talk “freight rail” and how the industry supports Michigan’s economy.



Senators Mike Green, Jim Stamas and Ken Horn talk with LSRC president John Rickoff in the maintenance shop about the different types of locomotive power.



Tim Sneller, Rep. Vanessa Guerra and John Rickoff tour the LSRC operation.



John Rickoff, Senators Ken Horn, Jim Stamas and Mike Green tour the LSRC operation.



(Continued from page 1) From The President

identified crossings smoother, with the state reimbursing locals for the remaining 60%.

If you want to recommend a crossing for surface work, send your suggestion to your local county road agency or city DPW department and ask them to include the crossing in their planning work. Make sure to mention that this is the new surface crossing repair program and it can only be used on local crossings (state trunkline crossings not included).

The MRA also recently helped to commemorate the 25th anniversary of the Michigan State Police Hazardous Materials Training facility, located at the state's secondary complex outside of Lansing. The first-of-its kind training facility was built in 1991 and has helped train thousands of first responders from Michigan, across the country and even some from other counties.

The freight railroad industry partnered with other entities in Lansing in contributing private funds to build this hands-on training facility. The industry also donated rail cars so that first responders can train on full-size equipment in hypothetical emergency scenarios.



@MI_FreightRail

Big thanks to Sen. Jim Stamas (R-Midland) and Rep. Aaron Miller (R-Sturgis) for preparing and offering the special recognition resolutions. We were glad to have MSP Captain Chris Kelenske join us at the Capitol to receive the resolutions. Capt. Kelenske is the deputy state director of Emergency Management and Homeland Security, Michigan State Police

The 4th annual rail conference was held in Marquette in August. This conference brings industry experts together to discuss issues pertinent to the rail industry. Next year's conference will be held in Kalamazoo – date and exact location to be announced soon.

Connecting new businesses – and also existing businesses – with the right rail industrial marketing contact can be beneficial to Michigan's economy. The MRA has updated its economic development brochure with railroad contact information so feel free to contact us to request a copy. Please call 517.482.9413 or email mra@michiganrailroadsassociation.com.

Michigan's Railroads Ready To Help With Development Efforts



The new Michigan Rail Economic Development brochure is now available. The MRA brochure – which includes the state rail map - contains marketing contact information for every railroad that operates in Michigan. If you, your community, or potential new business, has a question about how rail can serve your region, please do not hesitate to contact the people listed in this document.

Give the MRA a call today or visit our web site to receive your copy!

Have You Noticed The Blue Sign?



The next time you travel by a railroad crossing, notice the blue sign attached to the rail equipment on the side of the road. This sign has important information on it – including the railroad company's emergency phone number and crossing location.

The Federal Railroad Administration requires railroads to install signs at or near highway-rail grade and pathway crossings with telephone numbers the public can use to alert railroad companies to unsafe conditions.

Railroads now operate Emergency Notification Systems (ENS) by installing clear and readable signs with tollfree telephone numbers at crossings so the public can report unsafe situations and for railroads to respond to malfunctioning warning signals, vehicles stalled on the tracks or other emergency situations. Depending on a railroad's operating characteristics, calls may be received through a 24-hour call center, or for smaller railroads, through an automated

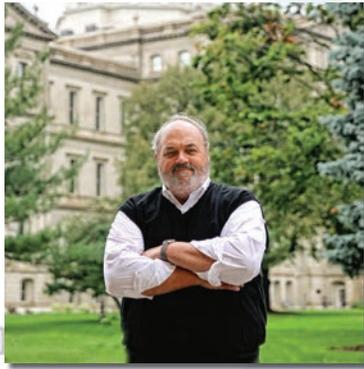


answering system or third-party telephone service.

Upon receiving a call, the dispatching railroad is required to contact all trains authorized to operate through the crossing, inform local law enforcement to assist in directing traffic, investigate the report or request that the railroad with maintenance responsibility for the crossing to investigate the report. If the report is substantiated, the railroad is required to take certain actions to remedy the unsafe condition.

There are approximately 211,000 public and private highway-rail and pathway grade crossings in the United States.

Rail Insider Spotlight



George Carr
Of Counsel, Karoub & Associates

Q: TELL US ABOUT YOUR CURRENT POSITION

I am an attorney in Lansing specializing in Legislative and administrative law for over 30 years. The firm has represented a broad range of clients ranging from veterinarians to railroads. The scope of representation before the Michigan Legislature and Administrative Agencies has been even more diverse. Taxation, labor law, civil liability, business structure, environmental regulations and finance have all been common issues for a diverse client base.

As a pilot for over 40 years, I have actively represented pilots and aviation mechanics in administrative hearings at the FAA. I am president of a small manufacturing firm and avidly fly fish whenever and wherever.

Q: DO YOU HAVE ANY PERSONAL CONNECTIONS TO THE RAIL INDUSTRY?

Other than a retired relative who was an engineer in Battle Creek my railroad background is primarily "first generation." My first real exposure was working with Tom Drake when he was with Governor Milliken to fund the rail facilities at the then new Orion, Michigan GM Plant. Mr. Bill McClintock was leading the MRA and I was working for the Senate Majority Floor Leader. That collaborative began a 30 year working relationship with MRA and the rail industry.

Q: HAVE YOU WORKED DIRECTLY WITH A RAILROAD COMPANY?

When I left the Michigan Senate and entered private law practice I represented the E&LS for a number of years. Those efforts helped stabilize rail service in the Western Upper Peninsula for the paper, mining and utilities during a very disruptive chapter in rail regulation.

Q: ARE YOU CURRENTLY WORKING ON ANY ISSUES/PROJECTS THAT IMPACT THE RAIL INDUSTRY?

The most recent project directly impacting rail carriers was the passage of Trespass Legislation. My clients in the initiative were from the property casualty insurance industry as well as large land owners concerned with the lack of statutory certainty in Michigan's trespass laws. With Jon Cool leading MRA's efforts, a broad coalition was able to codify trespass case law into Public Act 226 for the first time in Michigan.

While railroads have had a historic trespass liability, virtually every commercial landowner in Michigan directly benefited from MRA's lead in this legislation. The new law not only codifies current Michigan case law, but it also helps to prevent "liability creep" in the future

Q: WHAT IS THE PERCEPTION OF THE FREIGHT RAIL INDUSTRY WITH THE LEGISLATURE?

The rail industry enjoys a generally favorable reputation in the Michigan Legislature punctuated by chronic "what abouts." These are the constant reoccurring constituent and local government complaints about specific problems. They appreciate and support the economic contributions of the rail industry to employers in their districts. This is often followed by "what about" road crossings, utilities, noise, etc. With term limits it takes constant education and attention to keep the benefits of rail in the forefront with legislators & staff.

Q: WHAT IS THE FAVORITE PART OF YOUR JOB WORKING AT THE CAPITOL?

Rail advocacy has changed in the last generation in Lansing. My great grandfather wasn't a rail lawyer so I had to work my way into the industry. It's a tough and proud group. My experience was very similar to Bob Chapmka, Tom Drake and more recently Jon Cool. A strong background in government, then learn the rail business from the experts. I would have to say the relationships built in the advocacy battles stand out as some of my best experiences in Lansing.

Michigan Rail Update is a publication of the Michigan Railroads Association, 120 N. Washington Square, Suite 701, Lansing, Michigan 48933. President: Jon Cool. (P) 517.482.9413. Members of the Michigan Railroads Association are: Adrian & Blissfield Rail Road Co., Ann Arbor Railroad, Canadian Pacific Railway, Charlotte Southern Railroad Co., CN, Consolidated Rail Corp. (Conrail), CSX Transportation, Detroit Connecting Railroad Co., Escanaba & Lake Superior Railroad Co., Grand Elk Railroad, Grand Rapids Eastern Railroad Co., Great Lakes Central Railroad Co., Huron & Eastern Railroad Co., Jackson & Lansing Railroad Co., Lake State Railway Co., Lake Superior & Ishpeming Railroad Co., Lapeer Industrial Railroad Co., Marquette Rail LLC, Michigan Shore Railroad Co., Mid-Michigan Railroad Co., Norfolk Southern Corp.



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