

Photo Courtesy of Kyle Korienek

SPRING 2021 MRA RAIL UPDATE

A publication of the
Michigan Railroads Association

RAILROAD UTILITY PERMITTING & REVIEW

Multiple states have recently pursued legislation that threatens public safety by enabling "immediate" access for various entities (e.g., telecom providers, electric utilities) to railroad property outside of standard contract negotiations and sometimes without consent. Many of these bills pertain to broadband Internet buildout, following model legislation recommended by the "Broadband Deployment Advisory Committee" (BDAC), a group of advisors, heavily weighted with broadband industry officials and excluding many stakeholders like railroads, to the Federal Communications Commission (FCC).

In Michigan, we see this effort through House Bill 4422 - which the Michigan Railroads Association strongly opposes. The MRA,

OPPOSE HB 4422

Railroads, as the expert and property owner, are best equipped to establish engineering standards and conduct the review.

This will ensure a thorough process that accounts for all standards that were developed for the permitting process, including federal regulations.

instead, supports HB4452-53 which would promote safe coexistence of broadband with railroad operations, preserve private property rights and reduce trespass on railroad corridors.

Railroads currently enter contractual relationships with entities seeking access to railroad property for installing equipment under, over or parallel to railroad rights-of-way and tracks. Railroads and broadband companies are both privately owned. Railroads support broadband expansion that is done in a reasonable manner.

As private property owners, railroads oppose laws that seek to circumvent safety, intervene in private party contracts, deny the railroads just compensation, and further, limit due

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Jon Cool, President
@MI_FreightRail

FROM THE PRESIDENT

Every ten years the Michigan Department of Transportation reviews the costs of maintaining Active Traffic Control Devices (ATCD) at grade crossings. These are the lights, gates and bells that help keep the motoring public safe at crossings. The purpose of this review is to update the actual costs of maintaining these devices.

The MRA would like to thank Rep. Tim Sneller for his bill (HB4252) to update these repair costs in the Railroad Code. We are hopeful that the legislation receives a committee hearing in the House Transportation Committee this spring.

On the other side of the Capitol, Senator Wayne Schmidt has introduced the Freight Rail Preservation and Development Program (SB137). The goals with this program are preservation of light density lines across Michigan and assisting with projects that would move freight by rail

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process. A railroad, like any landowner, has a constitutional right to be fairly compensated for use of its property.

Railroads logically require entities to complete a permit application that ensures they possess adequate insurance, address operational issues and comply with sensible national safety codes and standards. Railroads ensure that projects meet safety regulations (49 CFR Part 214) and engineering standards (49 CFR Part 213) by conducting a prior engineering and design review with qualified employees on site during the project

In addition to the crossing review, the Federal Railroad Administration requires the presence of a flagman during construction to inspect for disturbed track. This is a person designated to protect workers near the tracks who can communicate directly with train crews and dispatchers. Their sole responsibility, per FRA regulations (49 CFR Part 214), is to protect railroad employee safety, protect railroad infrastructure, and ensure the safety of those performing work near the tracks. These flagmen provide immediate protection to railroad

operations should federal regulations 49 CFR Part 213 Subpart C – Track Geometry and/or 49 CFR Part 213 Subpart D – Track Structure become compromised.

Extreme precaution is necessary across the rail network. "Model" legislation recommended by BDAC ignores this reality by minimizing the time and standards for review. Without appropriate engineering review and construction oversight, installations within active rail corridors can create risks to railroad employees, customers, communities and the public. Incorrect installations can hinder rail service by interfering with rail signals and communications, or even cause derailments.

With billions invested by railroads in accordance with the Rail Safety Improvement Act for Positive Train Control (PTC) – a wireless-based system to stop certain accidents caused by human error – any activity with the potential to interfere with railroad operations that is not coordinated with railroads could jeopardize the control systems that operate PTC.

BDAC-like legislation forces policymakers to intervene into contractual negotiations

between private parties. The private market has facilitated thousands of agreements for railroad property access for nearly two centuries and is not in need of a top-down policy fix. Proponents of the BDAC model legislation and similar measures have never engaged the rail industry to inform the policy. The result is a proposal that endangers the very communities it is intended to help.

Railroads, as the expert and property owner, are best equipped to establish engineering standards and conduct the review. This will ensure a thorough process that accounts for all standards that were developed for the permitting process, including federal regulations.

The permit review process should be thorough and not subject to an arbitrary time frame. BDAC recommends 15 days for application review and 35 days from complete application submission to construction, both of which are unrealistic to ensure full safety and compliance.

Let's bring clarity to the Michigan Railroad Code pertaining to railroad utility permitting. Support House Bills 4452-4453 to keep freight and passenger rail traffic safe.



RAILWAY AGE'S 2021 '20 UNDER 40' NORFOLK SOUTHERN'S HERBERT SMITH

Herbert Smith, Regional Executive Director, Government Relations, Norfolk Southern advocates for NS and the railroad industry in Michigan, Illinois and Iowa. Herbert, a regular visitor to legislative and administration offices here in Lansing, has helped to lead efforts on the creation of a Local Grade Separation Program, reworking eligible items covered under MDOT's Freight Economic Development Program and is currently working on strengthening the Michigan

Railroad Code process for railroad utility permitting.

Among his many other industry contributions, Mr. Smith serves as Co-chair of the CREATE Advocacy Committee and regularly strategizes with the Chicago Planning Group (CPG) and Chicago Transportation Coordination Office (CTCO) to advance the CREATE program by securing additional federal, state and local grants.

Congratulations Herbert!

while also relieving the maintenance burden on our highways, local roads and bridges.

This legislation is designed as a public private partnership and incentivizes railroads to continue making private investments in their capital-intensive rail networks. Thank you to Sen. Schmidt for spearheading this important legislation.

The MRA continues to strenuously oppose and share serious concerns with legislation (HB4422) that would strip railroads of their property rights and dramatically alter the current process for all

utility permitting on railroad property at public road crossings. We cannot compromise on safety when utilities seek to dig under, or string wire overhead, railroad corridors. As drafted, the MRA opposes HB4422.

Railroads will continue to discuss a safe, fair and reasonable approach to updating the Michigan Railroad Code relating to utility permitting. Private railroad property is unique, in that federal regulation governs the companies' responsibilities for maintenance and safety. The current, safe permit review process should

be maintained. Costs associated with these installations must also be paid by the utilities.

Railroad companies should not be forced to subsidize utility installations by other for-profit companies. Costs for the engineering review and safety protocols put in place to keep rail employees, and the public, safe when authorized construction work occurs must be the responsibility of those seeking access to federally regulated railroad property. We thank Rep. Joe Bellino for introducing this railroad supported legislation - HB4452.

MOVING MICHIGAN

FEATURING

MINERAL RANGE

The year 2013 saw the (re)birth of a shortline rail-road in the Central Michigan Upper Peninsula bearing the grand old railroad name of Mineral Range.

Since that year, the company has been quietly conducting operations over its nearly 20-miles of route serving its several shippers, one of only three shortline railroads still operating in the Upper Peninsula of Michigan. All of these remaining small carriers connect exclusively with the Canadian National (CN) at various points.

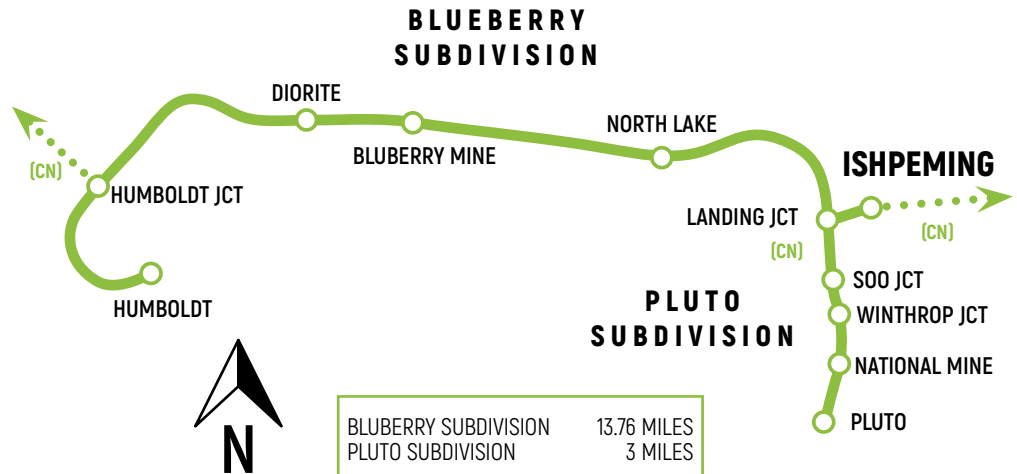
The Mineral Range is headquartered at Ishpeming and consists of two operating subdivisions, its Blueberry and Pluto line segments. Connection is made with CN in the Ishpeming Euclid yard. It has an engine house and shop located nearby. Its rail lines were once the property of a variety of old-name carriers including the Duluth, South Shore and Atlantic Railway (DSS&A), Chicago & North Western, and Lake Superior & Ishpeming (LS&I) railroads. Some of its line segments date back to the 1870's. The Mineral Range railroad is a family business owned by the Michigan corporation Mineral Range Inc.

In keeping with the tradition of Upper Peninsula railroading since the very beginning, almost all of the Mineral Range traffic is mining-related, moved by a small group of very dedicated rail-roaders in a sometimes very hostile environment.

The Eagle Mine project - nickel and copper mine - provides the majority of its traffic. Nickel and copper mineral concentrates originate at the Humboldt Mill of the Eagle Mine and move in a fleet of new gondola cars with covers to a variety of Canadian smelter destinations.

The underground Eagle Mine started mining its ore body in 2014 and shipping of mineral concentrates commenced on October 1st. The Eagle Mine is the only primary nickel mine in the United States, with the secondary recovery of copper and other metals occurring at the Humboldt Mill.

The Eagle and Eagle East ore bodies occur as deep as 3,000 feet below surface, with the ore being moved to surface in special underground diesel haulage trucks on a decline tunnel. From the mine site near Big Bay the ore is moved almost 70 miles over public highways to the



Humboldt mill for processing as there was no rail route anywhere nearby that could be used. Some 2,000+ tons of crude ore arrive daily at the Humboldt mill by truck from the mine, containing over 3% nickel and 2.5% copper values. The eagle mine project investment approaches \$1 billion and employs 400 employees, both direct and contractor supplied. It is Upper Michigan's only underground mine operating at the present time.

On the Pluto sub, Dyno Nobel operates a large blasting agents plant which receives its bulk chemicals by rail. These are processed and then supplied to mines and quarries in the Upper Peninsula. The plant has been in existence prior to 1900. Hardrock mines and quarries require blasting agents to break and recover their ores and gravel. This includes the Eagle Mine and the Upper Peninsula's last iron mine near Ishpeming, the Tilden.

Since acquiring its rail lines on January 1, 2013, the company has installed some 15,000 cross ties and made major bridge upgrades to correct a serious backlog of deferred maintenance from the previous owners. Some of this work was accomplished through a matching loan/grant program available from the state of Michigan DOT in support of the Eagle Mine project and its significant value to the Marquette County economy. Lundin Mining, owner of the Eagle Mine project, also participated with Mineral Range in some of the upgrades.



Mineral Range GP9 #1323, out on the Blueberry Sub, is approaching the Humboldt Mill of its largest customer, Lundin Mining. Photo courtesy of Mineral Range Railroad.



Mineral Range #1323 out on the main line with a train of nickel and copper concentrates destined to its CN connection at Ishpeming MI, which move in a shipper fleet of new covered gondola cars. Photo courtesy of Mineral Range Railroad.

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MOVING MICHIGAN

FEATURING

MINERAL RANGE

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View of #600 switching at the Dyno Nobel large blasting agents plant at Pluto MI. Photo courtesy of Mineral Range Railroad.

The Upper Peninsula once hosted a large number of small or shortline railroads, most of which vanished over time as resources were harvested or exhausted, such as copper, iron, or

timber. Historically speaking, the original Mineral Range Railroad was born in 1873 in Houghton County on the Keweenaw Peninsula built to haul copper ore. It ran its first train between Hancock and Calumet on October 11th of that year on a newly constructed narrow gauge rail line. Some 140-years later, the new Mineral Range Railroad was born, and started hauling nickel and copper mineral values from an underground mine.

Mineral Range has made a very significant investment in a local rail line in a region that was traffic-starved until the Eagle Mine opened. It is now a viable transportation option that has demonstrated its value to the area and its customers. At age 8, the Mineral Range Railroad continues to make every effort to increase its traffic base as well as provide the best possible rail service levels to its present customers.

MINERAL RANGE

TOTAL EMPLOYEES

6

COMMODITIES:

CHEMICALS

METALLIC ORES

MINERAL CONCENTRATES

RECYCLABLES

TOTAL TRACK MILES IN STATE

16.76

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THE DIGITAL RAILWAY: FACT OR FICTION?



Nick Little,
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We are told that we are in the age of "The Digital Railway." What does it mean? Railroads have used digital technologies (we called them "computers" back then) for billing/invoicing for many years. Previously, manual systems dealt with the vast number of transactions involved. Payroll systems were another early application for computer technology.

Advances in miniaturization, portability, and processing capacity have brought about a whole new set of opportunities. A smart phone has vastly more computing power than the Apollo spacecraft that took man to the moon. A modern road locomotive has dedicated computer cupboards that house boxes and wires to make PTC and other systems work.

I don't want to know the detail of how these things work - I leave that to younger, tech-savvy folks. I need to know how they can help improve safety, productivity, efficiency and effectiveness.

I want them to deliver greater reliability, indicate potential safety and performance issues, reduce maintenance costs etc. This is true not just for cars and locomotives, but for track, structures, control, communications and commercial relationships.

Digital is a broad term covering hardware, software and systems. It also includes malware, so be very aware of potential cybersecurity issues. Early computers were analogue machines using



valves and magnetic tape reels. They were big and expensive and slow (by modern standards). Paper records were analogue data.

Digitization uses digital technologies to change an organization's business model to provide new revenue and/or value creating opportunities. How can we use this to benefit our customers?

Railroads use digital sensing to monitor condition of track and structures, cars and

locomotives. Wayside equipment can use digital twin technologies to compare car components and machine learning can identify wear. The same is true for track condition measured from recorders attached to trains passing at normal speed. Drones are used to capture images of hard and unsafe to reach structures to monitor condition without needing track occupations.

Supply Chain is another current frequently used phrase. Transactions are becoming digitized - think of ordering from Amazon.com. A few nimble finger strokes on a smart phone and the order is placed and payment made. Behind the scenes, a whole digitally driven system goes into action to pick, pack and deliver your package. You can even track its progress from the moment you press the "Buy" button to after it has been delivered.

That is great end-to-end visibility and is rapidly becoming an expectation in business-to-business (B2B) as well as retail transactions (B2C). Are railroads fully there yet? No. And here's why. Supply chains have evolved.

Supply Chain 1.0 is about internal efficiency and lean management (think PSR). Success is measured against internal standards such as the Operating Ratio (OR). Costs are reduced

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MICHIGAN OPERATION LIFESAVER UPDATE



Authorized Volunteers (OLAV) have been limited in making in-person presentations due to government restrictions, however, virtual meetings are being held at some locations. In addition, OLAV's are required by Operation Lifesaver, Inc (OLI) to sign a waiver before doing 'face-to-face' presentations.

Michigan Operation Lifesaver was able to set up an exhibit area and attend the Michigan Association of Chiefs of Police (MACP) Conference in Grand Rapids in February. Curtis Stewart and Sam Crowl are members of MACP and were able to make many good contacts with law enforcement personnel asking for stepped up enforcement along rail rights-of-way.

MI-OL will be working with Amtrak, MDOT, local communities and others regarding the increased speed of up to 110 mph on state owned track between Kalamazoo and Battle Creek. The

intent is to promote heightened awareness and improved signage along the routes affected.

Results from the Federal Railroad Administration (FRA) show that Michigan had zero crash related fatalities in 2020. This is the first time in recorded history that no one was killed as the result of a vehicle crash. This is remarkable considering that there were as many as 40 fatalities in Michigan in the 1970's. However, there were five people killed while trespassing and five suicides in 2020.

MI-OL is grateful to the CN, CSX, NS and the Posner Foundation for recent generous donations to our lifesaving projects and efforts.

For more information about Michigan Operation Lifesaver, contact Sam Crowl at 248-823-7037 - samcrowl@comcast.net - or Curtis Stewart at 517-974-1737.



OL State Coordinator, Sam Crowl, spreading the Rail Safety message at the MI Chiefs of Police Conference in Grand Rapids. Photo courtesy of Curtis Stewart.

▶ CONTINUED FROM PAGE 4 THE DIGITAL RAILWAY: FACT OR FICTION?

from assessing functional trade-offs. The aim is for standardized, simplified processes that can easily be scaled up.

Supply Chain 2.0 goes further. The focus is on "customer accommodation." Listen to their needs, understand their business model and identify ways to work together for a clear win:win result. Flexibility and agility are keywords here. This level is characterized by functional collaboration, customer satisfaction metrics, customization of service through configuration and variety (think Starbucks coffee options). Short line railroads excel in this but depend on similar understanding (culture?) from their Class I partners.

Supply Chain 3.0 is about creating value. Focus on customer relevance and organize around the critical customers. Understand their business model. Accept it will differ from yours but find ways to align service capabilities. Use a value, not cost or price mindset. This is how the Class I's should work with their first and last mile short line partners.

Supply Chain 4.0 where the focus is on digitization and use of artificial intelligence/machine learning to improve data interpretation. Common here is a pull-system whereby customers are provided with self-service tools so they feel in charge. Again, think what Amazon does by providing alternatives and "also bought" suggestions. Data transparency is vital, but secure and trusted. Partners integrate around technology. The end results are process automation, visibility and security. This brings us to a convergence with ...

Digital Transformation is the task of getting

an organization to make data-driven business processes a core competency. This helps the organization become customer-driven, integrated and agile. Something customers truly value.

Passenger railroads, thanks to their customer being a person rather than an inanimate good or product, are looking at **mobility as a service**. Your smart phone can give you options to travel from where you are to where you need to be with choice of routes, train, Uber/Lyft, bus, bicycle, walking etc. It will also tell you the different prices involved and interchange times.

PSR integrated with PTC data should be a step in this direction for freight rail. I suggest we need a more open, trusting culture to start moving in that direction. If we don't start now, trucking will eat our breakfast, lunch and dinner! Let's create **freight mobility as a service**.

Culture Changes build success on continual change rather than repetition.

"Every successful organization has to make the transition from a world defined primarily by repetition to one primarily defined by change. This is the biggest transformation in the structure of how humans work together since the Agricultural Revolution." – Bill Drayton, Social Entrepreneur

We can no longer think of being just a "railroad" or even merely a "transportation company." **We have to think and act as a vital, beneficial part of our key customers' supply chain.** It will be an interesting journey.

You can reach me at Littlen@msu.edu or O: 517.353.5663 and C: 516.256.4708

JOHN WALLACE VANCE III 1972 - 2020



John Wallace Vance III

John Wallace Vance III, age 48, of Toledo, Ohio passed away Thursday, December 17, 2020. He was born in Fremont, Ohio on February 24, 1972.

John worked for the railroad industry for many years. He held positions at Norfolk Southern, Amtrak, and the Ann Arbor Railroad. John enjoyed his career and held the people he worked with in high regard.

The MRA truly appreciates the rail operations tours that Mr. Vance led of the Ann Arbor Railroad in recent years. John's graciousness even extended to setting up a visit to see a Toledo Mudhens baseball game after a long day on the job.

The member companies of the Michigan Railroads Association offer his wife, Julie Vance – and the entire Vance family – our heartfelt condolences.

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PETER ANASTOR – NEW DIRECTOR OF THE MDOT OFFICE OF RAIL

The Michigan Railroads Association warmly welcomes Peter Anastor, new director of the MDOT Office of Rail (OOR), as he begins his new career endeavor. We thank Director Anastor for answering some questions and providing insights for Rail Insider readers.

Q: PLEASE SHARE A LITTLE BIT ABOUT YOURSELF.

I am excited to join the Office of Rail and to utilize my logistics and economic development experience. I have over 20 years of economic development experience in Michigan, including working on the development of a logistics and supply chain strategy for the State of Michigan. That experience also has provided many opportunities to work directly with businesses to assist in their growth and investments here in Michigan. On a personal note, I am a native Michigander who grew up in Flint, and now lives in the Lansing area. I am married with three awesome kids and like to spend my free time traveling, playing tennis and golf, and cheering on the Michigan State Spartans.

Q: YOU STARTED THIS NEW ROLE WITH THE OOR JAN 25TH. HOW IS IT GOING SO FAR?

It has been going well. I have really enjoyed getting to know the railroads, stakeholders, and the Office of Rail team at MDOT. We have a very dedicated team, with a lot of experience,

passion and focus for rail and we want to continue our work to support the current operations and growth opportunities for rail here in Michigan. I look forward to getting to know the industry better and to have opportunities to engage in development of the industry in Michigan.

Q: WHY DID DIRECTING THE OFFICE OF RAIL APPEAL TO YOU?

The opportunity to get back to working on the development of infrastructure to support our businesses, citizens, and stakeholders was my main motivation. We have some amazing assets here in Michigan and I want to find ways to work with industry to leverage those assets in a manner that will support our businesses and rail stakeholders in Michigan.

Q: HOW DO YOU BELIEVE YOUR PREVIOUS EXPERIENCE WITH THE MEDC, LOGISTICS AND SUPPLY CHAIN COMMISSION AND DEPT OF AGRICULTURE WILL HELP WITH DIRECTING THE OFFICE OF RAIL AND ENHANCING ECONOMIC DEVELOPMENT OPPORTUNITIES?

My previous experience has allowed me to gain a better understanding of the opportunities and challenges for rail in Michigan. It also has allowed me to establish a good network of partners in Michigan that will be valuable as we embark on activities to help support and

strengthen the industry and our ability to support our customers.

Q: DO YOU HAVE ANY RAIL POLICY IDEAS OR GOALS THAT YOU WOULD LIKE TO SHARE AT THIS POINT?

Safety and efficiency, asset management, and economic development would be my top goals at this point. I am sure these will evolve as I understand more about the industry in Michigan, but these are areas where we want to put some focus.

Q: WHAT IS YOUR VIEW OF THE FREIGHT RAILROAD INDUSTRY?

I have a positive outlook on the freight railroad industry because they continue to play an important role in providing transportation and contributing to our economy. Here in Michigan, they are key to hauling finished automobiles, agricultural products, forest products, and other valuable goods to other states and the world.

Q: DO YOU USE SOCIAL MEDIA? HOW CAN READERS FOLLOW YOUR WORK AT THE OOR?

We do have a twitter account @MDOT_Rail where you can follow the activities of the Office of Rail.

