Freight Railroads in the Southeast

INSTITUTE FOR TRADE AND TRANSPORTATION STUDIES

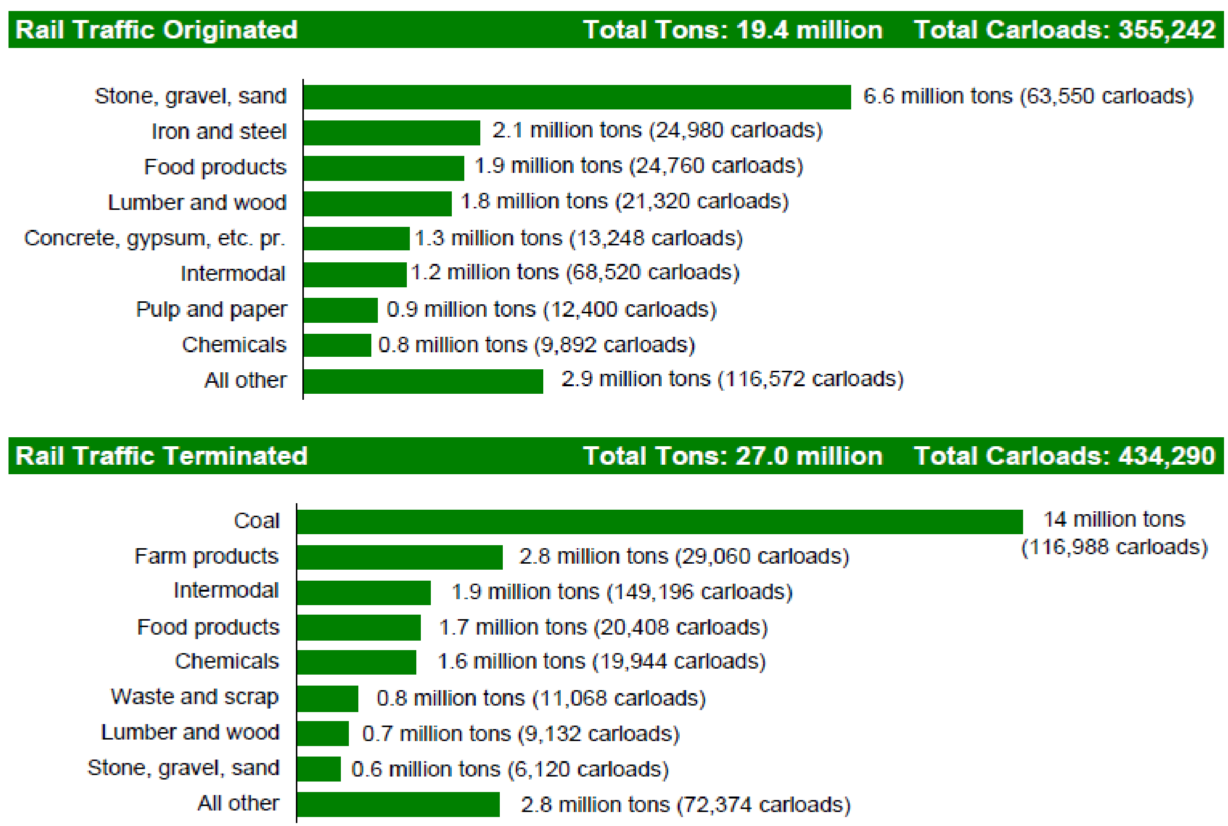
U.S. is Leading Freight RR User

	1990	2000	2006	2007
USA	1,554.1	2,257.6	2,559.8	2,556.6
Russia	1,522.9	1,373.2	1,950.8	2,090.3
EU(26)	529.9	393.7	427.1	436.8
Total ITF	5,421.0	4,486.0	5,576.2	5,711.5

Thousand million tonne-kilometers
Source: ITF, Trends in Transport Sector, 1997-2007

Railroads in Arkansas

- 25 railroads
- 2780 miles



- 2008= 9.1 million equivalent trucks
- 3422 employees - Ave. Salary $99,600

Regional – Corridor Access

- Railroads need the following:
  - Point to Point Services
  - Density
- Port Connections to Hinterlands
  - CSX Gateway program
  - NS Heartland Corridor
- Through connections to domestic markets
  - NS Crescent Corridor
  - Memphis

Logistics Parks and Economic Development

- What type of facility?
- Trackage and Terminals
- Develop densities
  - Drayage and equipment issues
  - Domestic and international
  - Shippers bear costs?
- Don’t cannibalize other facilities

Transport, Talent and Taxation Top Factor List

Site Selection’s October survey of corporate real estate executives reveals which factors on average are most important to them when they are involved in location decision making.

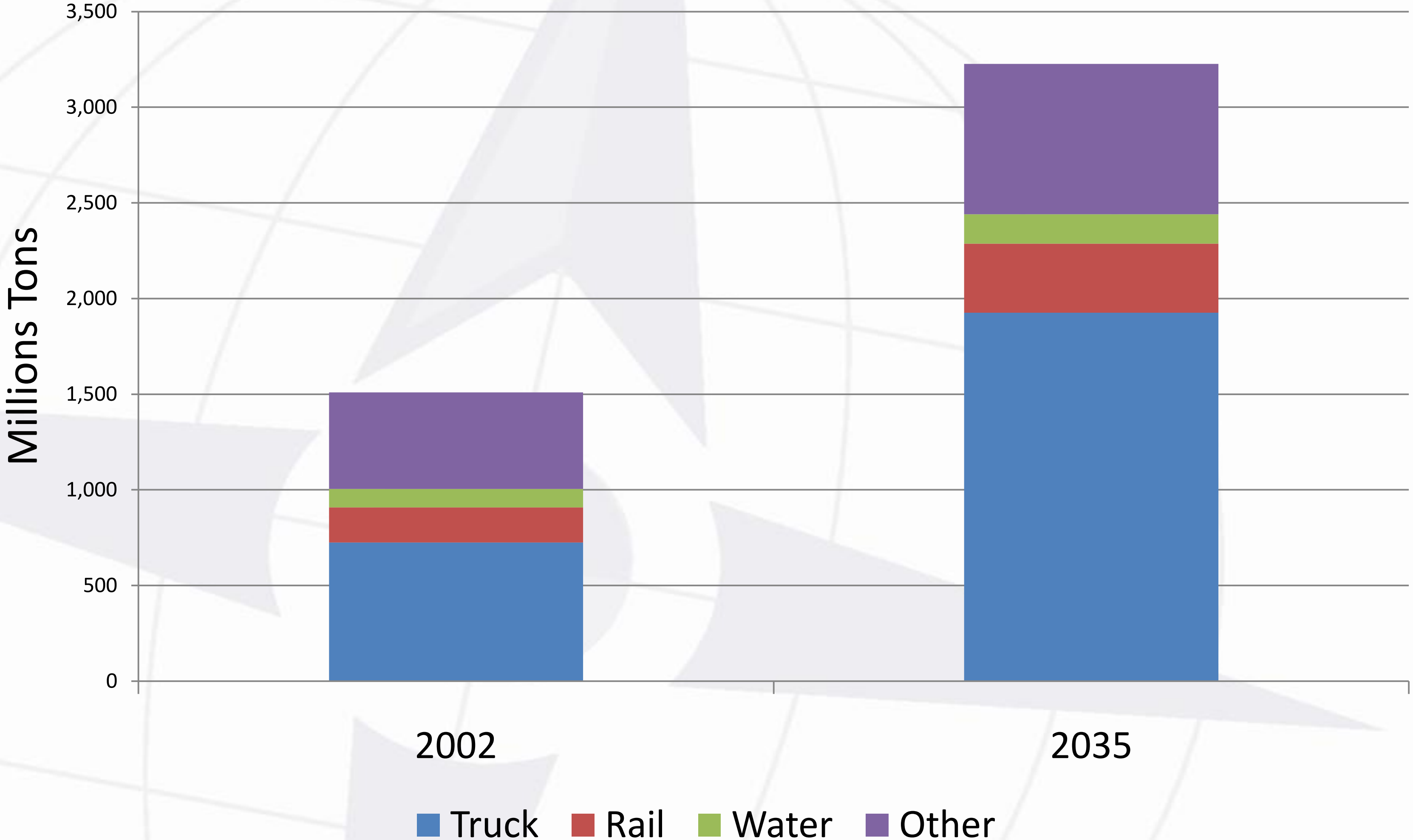
1. **Transportation infrastructure**
2. **Existing work force skills**
3. **State and local tax scheme**
4. **Utility infrastructure**
5. **Land/building prices and supply**
6. **Ease of permitting and regulatory procedures**
7. **Flexibility of incentives programs**
8. **Access to higher education resources**
9. **Availability of incentives**
10. **State economic development strategy**

Operational Considerations

- Cargo:
  - ➢Intermodal –fastest growing segment on railroads
  - ➢Bulks - less time sensitive
- Balancing usage:
  - ➢Competing Railroads
  - ➢Private vs. Public usage
  - ➢Trackage considerations

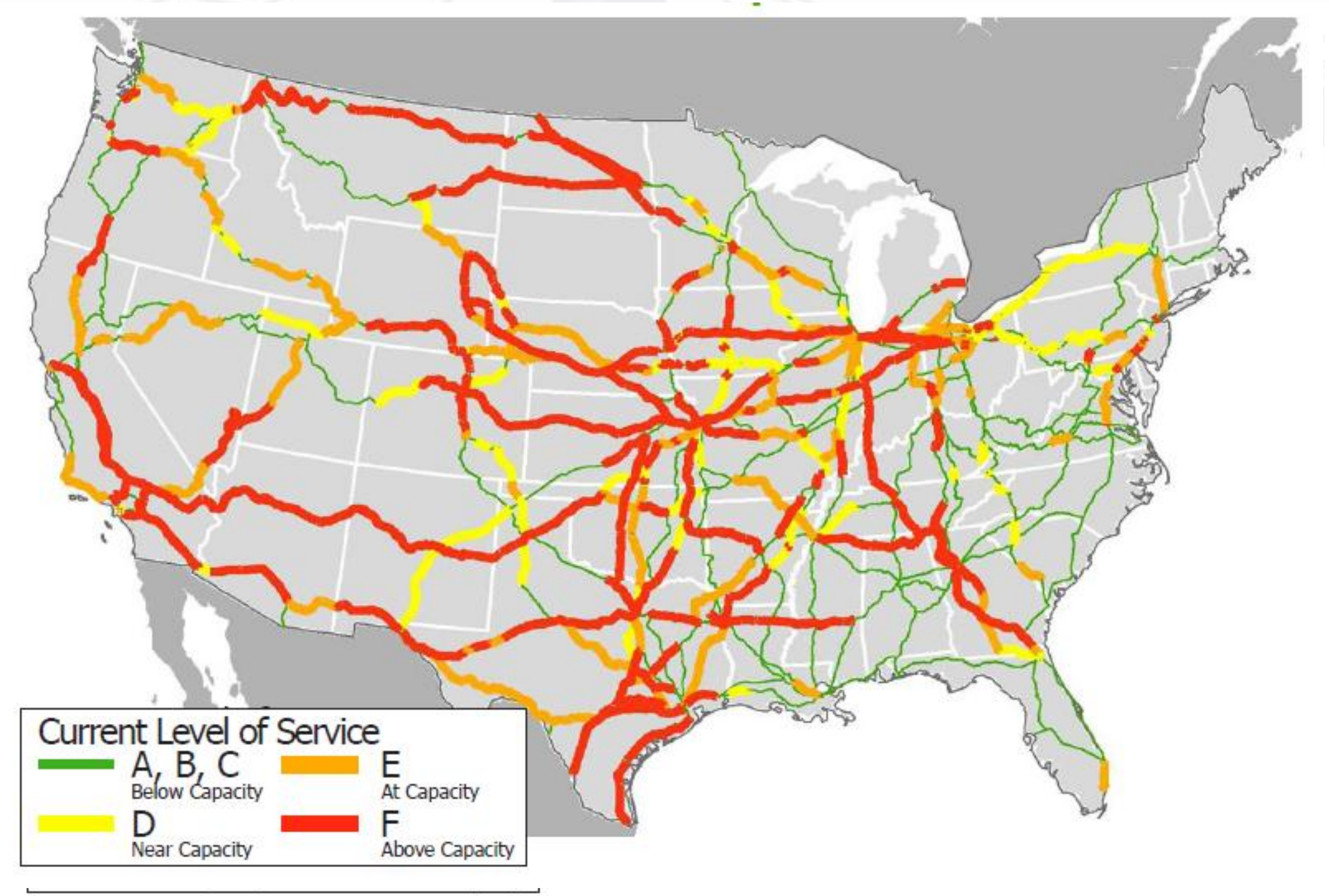
A Future of Transportation?

Forecast of Freight in Southeast 2002-2035 (source: FAF)



Railroad Bottlenecks: 2007-2035

(National Rail Freight Infrastructure Capacity and Investment Study)



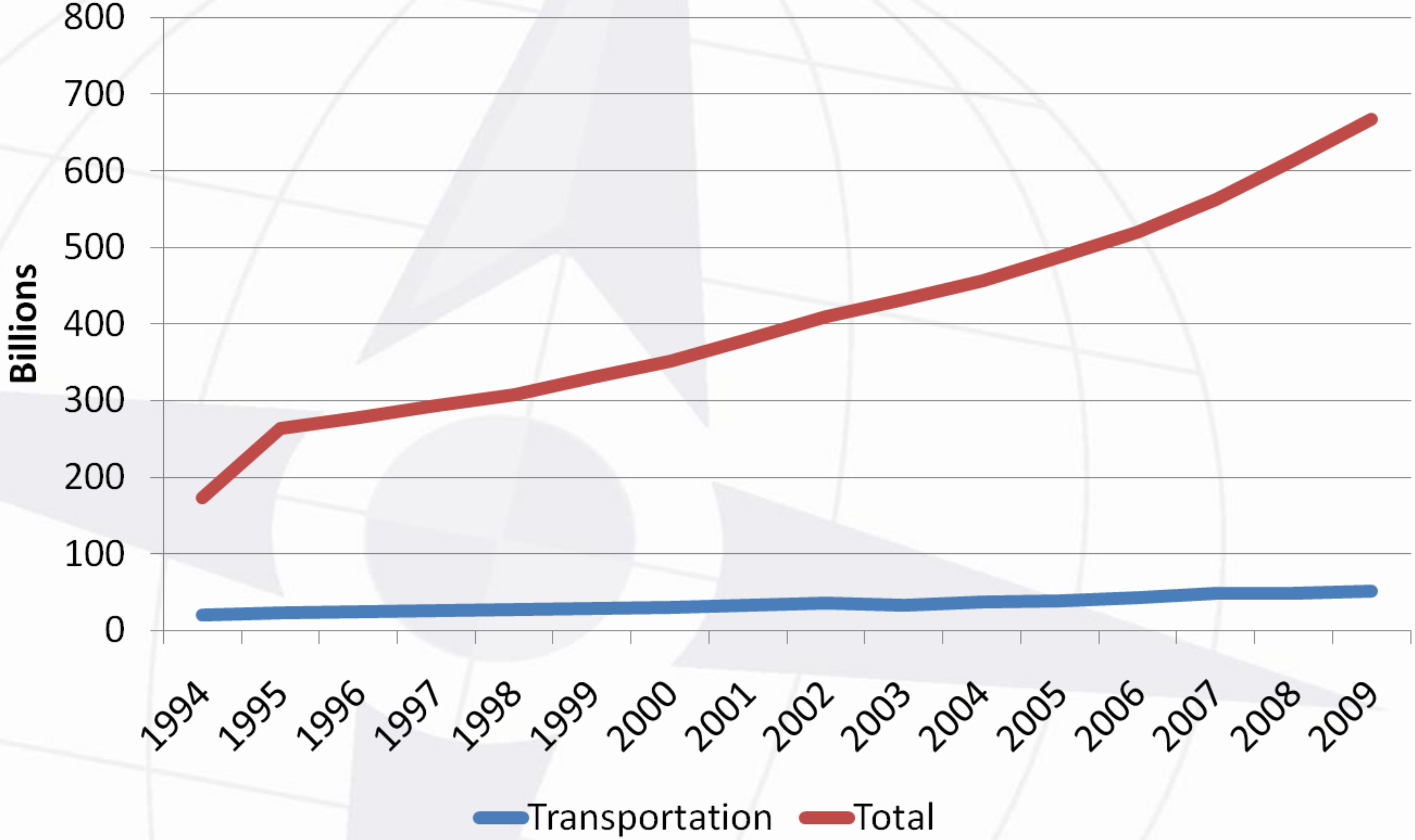
Can Railroads Be Part of Region's Freight Solution?

- Balance with existing international/ coastal flows
- Recognize multimodal corridor tradeoffs exist
- Emissions and Environmental accountability
- Determine ways to encourage private sector investment in equipment, services
- Work with states/cities for truck congestion
- Federal and State Multiagency planning, data, analysis

Partnership Challenges?

- Federal and State Funds and Private Funds
- Grade Crossings approval
- External Pressures
  - Reregulation (rates)
  - Positive Train Control (operations)
  - “Cap and Trade” (cargo mix)
  - Security (SecureNOW)
- Balancing Expectations
- “Do no harm” to modal “balance”
- Don’t forget Shortlines

Southeastern Government Spending on Transportation Compared to All Government Spending, 1994-2009



Final Thoughts

- US is world's largest freight Railroad user
- Southeast is large user with capacity to exploit
- Broad regional strategies must focus on Corridors
- Shortlines and terminals will focus on access
- Balancing Partnerships will be more critical

Thank you

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