

Progress in Motion: 2030

Exploring the potential of North Carolina's freight and passenger rail assets

March 19, 2009 McKimmon Center, Raleigh

Progress in Motion: 2030 was a one-day forum hosted by the North Carolina Railroad Company (NCRR). Its purpose was to bring together those who have an interest or vision in developing freight, passenger and commuter rail service to improve transportation, encourage economic growth, create jobs and lighten the carbon footprint in North Carolina.

Progress in Motion: 2030 provided a unique opportunity to hear from state leaders and experts in the rail freight and transit sectors about costs and benefits, innovations, environmental challenges, the latest rider and freight projections, public-private and regional partnerships in the rail industry.

Scott Saylor, President of the North Carolina Railroad Company, summarized the key takeaway points of the Forum:

"I heard four consensus points that are extremely important. (1) Investment in large rail and port served business sites to create jobs is scarce, (2) passenger rail is now being viewed as the relief valve for the congestion of interstate highways, (3) rail corridor preservation is a must, and (4) transit is leading the way in development of new rail partnerships in North Carolina.

So there is much work to do, especially in the current economic environment. Governor Hunt made clear that it will require leadership and working together toward a common goal if we're going to make progress. It's time to build."

NCRR will use information and ideas from the forum to devise its capital investment plans and operating strategies for 2012-2030.

Former North Carolina Governor Jim Hunt opened the forum by describing it as "an historic meeting." He reminded the audience of the unique history of the rail system in North Carolina and encouraged future investment in rail infrastructure, particularly with public-private collaboration.

9:30 – 10:15 a.m. Freight Forecast Panel – U.S. Trends and Railroad Capital Investment

The first panel of the day examined U.S. trends and railroad capital investment from the freight industry. Panelists explained that freight railroads have made important transitions in recent years including partnering with businesses, providing greater intermodal service, and focusing on environmental concerns. Railroads feel the regulatory issue needs to be settled, so they can continue to invest in the infrastructure. Short lines are also focusing efforts on track improvements to maintain reliability and efficiency.

Jim Brooks, General Manager of Golden State Foods (GSF) NC Distribution explained that rail is important to GSF, a major supplier to the food service industry. Potato products move from the Pacific Northwest to the East using rail. The new facility in Garner was chosen because of the strong rail network, allowing GSF to take a cost element out of the supply chain. Jim Lewis, Rolling and Finishing Manager at Nucor Steel, explained that rail is important to Nucor Steel also, who in NC sees 1.5 million tons of steel move by rail. Panelists explained that rail is cheaper and efficient, but not as maneuverable as trucks, which is why intermodal solutions are critical to the future.

10:15 – 10:55 a.m. Economic Development Panel – Corridors for Commerce

The second panel, Corridors for Commerce, discussed the role of railroads in economic development. Panelists said it would be important to work with local elected officials to find land that can be developed for rail and freight purposes. They explained that many former industrial-use buildings are being transformed into residential areas to accommodate the population increase in the State. It was pointed out that freight and passenger rail accommodates both urban and rural environments, is economical, and facilitates growth of the tourism industry.

Panelists also reminded the audience that North Carolina has lost much of the tobacco and textile industry and the aerospace and biotech industries will play a major role in the future. NC must develop infrastructure, especially rail, to accommodate these new needs. Globalization has led to rail improvements being a necessity to attract growth and international industries.

11:05 – 11:55 a.m. Rail Service Panel – The State Ports, Intermodal and Logistics

The final panel of the morning session discussed the State Ports, intermodal activity, and logistics. Glenn Carlson, Vice President of Business & Economic Development for the North Carolina State Ports Authority, provided a Port update. He explained that two new container services have been established to the port at Wilmington and NC will have access to the new transatlantic service scheduled to begin soon. Carl Warren, with CSX Intermodal, described the importance of discretionary cargo, because it goes beyond the local market. He said that with the National Gateway Project, CSX can start looking toward the Northeast and the Midwest for expanded service.

Panelists also explained that it is important to maintain relationships with the trucking industry because rail can't function realistically without trucks and railroads decrease dependency of heavy freight in trucks, which decreases road construction and maintenance costs, as well as alleviate traffic concerns.

During lunch, Jim McClellan, former Norfolk Southern Vice President of Strategic Planning, discussed the obstacles and opportunities for freight and passenger services sharing the rails. He described the various types of passenger service (intercity, commuter rail, light rail) and illustrated which existing corridors in the U.S. would serve as models for North Carolina. He felt the California model is a good one to follow.

Christie Cameron, a member of the North Carolina Railroad Company Board of Directors, opened the afternoon session by announcing that the North Carolina Railroad Company will undertake a Commuter Rail Ridership Market Demand Study for the 140 mile area it had completed a capacity study on in 2008. NCRR expects that study will allow the state and local

communities to determine if and where commuter rail investment is viable and will affect NCRR's long term investment plans.

1:00 – 1:30 p.m. NCDOT: Maximizing the Partnerships and Funding

After lunch, Secretary of Transportation Eugene Conti described how NCDOT is maximizing partnerships and funding. He explained that NC needs to create public-private partnerships that will move the state forward in transportation. He said NCDOT's goal is to create a much better process to manage logistics, forming an efficient work program. He also said that the American Reinvestment and Recovery Act will include opportunities for rail investment. He also explained that the short line infrastructure assistance program has invested \$5 million over the past month.

1:30 – 2:10 p.m. Building on a Budget – NCDOT Rail Division and Amtrak

The first panel of the afternoon discussed how the NCDOT Rail Division and Amtrak can build on a budget. Jeff Mann, Senior Director of Strategic Partnerships for Amtrak, explained that investment priorities for Amtrak are to meet mandatory requirements, to invest in federal programs, and to deal with debt. He explained that the American Reinvestment and Recovery Act made \$1.3 billion directly available to Amtrak. He felt that NC will most likely never see a high speed train, above 120 mph, but he felt it's more important to have a lower average speed for less cost than a slightly higher average speed, for significantly more cost.

Representative Ray Rapp explained that the most frequently requested destination for Amtrak was Asheville, NC. Representative Rapp has received many requests to upgrade the Norfolk Southern Salisbury to Asheville corridor. Representative Rapp and Representative Dickson both encouraged support of House Bill 116, which will assist in management and protection of railroad corridors throughout the state.

2:20 p.m. – 3:10 p.m. Transit: People on the Move

The next panel focused on rail transit in North Carolina. Ken Kinney, a transit planning consultant, explained how transit oriented development is different on a freight railroad. When sharing a railroad with freight and other passenger trains, transit agencies must be careful to encourage less dense development directly next to the rails. Keith Parker, CEO for the Charlotte Area Transit System described the success of the Lynx Blue Line. He explained that ridership is over 50% of the projected rate for the light-rail in Charlotte, there have been zero preventable accidents, and the line has a 99.8% on-time performance.

David King, General Manager of Triangle Transit, explained that of the 4 million people expected to move to NC in the next 20 years, 1.5 million are expected to move to counties in the Triangle, so it is vital that the integrity of the railroads remains so that future development will come easily. He also said that in order to garner funds on the federal level, it is important to gain funds on the local level.

Representative Carney described House Bill 148/Senate Bill 151, which would provide for a ½ cent local option sales tax to be levied by the major Triangle and Triad counties to be used only for public transportation. The bill also provides support for the short line railroads and the ports.

Keith Parker encouraged the Triangle and Triad areas to support the tax as the ½ cent sales tax in Mecklenburg County has been beneficial. He explained that from the sales tax increase the typical family of four spends 11-13 cents every day. He said the tax is arguably not regressive because the people who use it most are most likely lower income, making it an investment well-spent for them.

3:10 p.m. – 3:55 p.m. Local Perspective on the NCRRC Commuter Rail Capacity Study

The final panel of the day provided a local perspective on the North Carolina Railroad Company's Shared Corridor Commuter Rail Capacity Study. Mayor Ronnie Williams explained that the sentiment toward rail transit in Garner is high, especially as gas prices rose and as the economy has faltered.

Andrew Perkins, an Assistant Vice Chancellor at NC A&T University and a member of the Board of Transportation stated that over 70% of people in the Greensboro area would like to see commuter rail for NC A&T University, based on a survey done by Elon University. John Pearce added that Duke University would encourage the development of commuter rail. He said that Duke eventually wants to keep the majority of cars off of the campus by providing adequate transport by rail or bus.

Panelists added that if the public is aware of collaborative efforts between public and private institutions, they will be more likely to buy into transportation advancement.

Scott Saylor, President of the North Carolina Railroad Company, closed the meeting by thanking all who attended and asking everyone to continue to maintain a dialogue on the important issues addressed at the forum.