

**21st Century Transportation Committee - January 16, 2008  
North Carolina Railroad Company**

Thank you. It's a pleasure to have this opportunity to talk with you about the North Carolina Railroad.

Just a few weeks ago, Congress, for the first time in 32 years, increased vehicle fuel economy standards.

Just a few weeks ago, in this city, residents voted overwhelmingly to keep in place a tax to help pay for improved mass transit.

And, just a few weeks ago the Association of American Railroads released a report that 2007 was the U.S. railroads' second best year ever for total volume, intermodal traffic and revenue.

And oil has hit \$100 a barrel.

The signs are there. For a variety of reasons, people and businesses in this country and North Carolina are beginning to think differently about our transportation future. It's a change in thinking driven by necessity. Travel and shipping delays caused by crowded, dangerous highways....Environmental pollution from exhausts....and, soaring energy costs are weighing on public opinion and the political process. The issues are pushing people and businesses toward other alternative modes of transportation that will get cars and trucks off the highways.

We are under no illusions that trains are going to replace highway construction. There is no single solution. But it's clear whether it is highway construction or railroads, depending only on traditional thinking will not meet our transportation needs in the future. Not meeting those needs is a risk we can't afford to take. Nothing is more important to the economy and jobs in North Carolina than having the best possible transportation system in the country.

The North Carolina Railroad can help.

We believe the North Carolina Railroad, working with its public and private partners, is in the right place, at the right time to increase its role in meeting the future transportation needs of business and the people of the state.

We believe that the decades ahead will be the best ever in the 161-year history of the North Carolina Railroad. More than ever this unique state-owned asset will be a corridor for commerce that is a catalyst for jobs and economic investment. Ongoing investment in the North Carolina Railroad Corridor will leverage better transportation, including those investments made in our state's highway system. So how might that occur?

We envision in 2020 a North Carolina Railroad with:

- Double tracking increased by 50%, mainly between Charlotte and Raleigh
- A dozen more freight trains daily to the Intermodal facility at the Charlotte airport. Intermodal, or container business is the fastest growing segment of freight transport. Just the trains to the Charlotte facility will mean 3,000 fewer long haul trucks on 1-85 every day. One train can carry 300 truckloads.
- Freight shipments surpassing 2 million carloads. (Currently 1.5 million.)
- Rush hour commuter rail service linking the Piedmont, Triangle, Metrolina and Eastern North Carolina
- Safer crossings and bridge overpasses that will save lives and time and remove highway bottlenecks.
- Better performance for the trains we already have between Charlotte, Raleigh and on to the Northeastern U.S..

There is a real urgency to reach these goals. Four million people - or the equivalent of South Carolina's entire population will arrive by 2030. The majority of those new arrivals will be in the counties touched by our corridor. Thousands of new businesses will come along with them. Highways can't carry that entire load.

To fulfill that 2020 vision will require additional support from this Committee, the General Assembly and our public and private partners. We believe that recent history has shown that such an investment will provide exceptional value for the people and businesses of North Carolina.

Whatever investments we make, we need to ensure that the ability to move freight is improved and not diminished. We can not afford investments that are a detriment to freight service for businesses.

Monumental economic and transportation change is exactly what North Carolina leaders had in mind when state government and private investors spent \$5 million between 1849 and 1856 to create the railroad.

It worked. There is no coincidence that the Piedmont or Urban Crescent is so closely aligned with the railway's corridor. Businesses and communities literally grew up along the railroad. The proximity to railroad service continues to be an important factor in attracting new economic development and jobs.

Today the corridor is 317 miles long from here in Charlotte to the Port of Morehead City. The state makes no appropriations to the Railroad, which earns over 90% of its revenues from the long-term agreement with Norfolk Southern for use of the tracks.

And use the tracks they do. Each day approximately 70 freight trains, or 1.5 million freight cars annually, use the North Carolina Railroad's Corridor for Commerce. Daily traffic also includes eight Amtrak trains.

You see here some of the North Carolina companies using the railroad:

Weyerhaeuser, RJ Reynolds, Duke Power, Progress Energy, Cargill, Dixie Plywood, Bailey Mills, PCS Phosphate and Transmontaigne. In addition we provide service to Camp LeJeune, Fort Bragg and other military bases.

These companies and many others are shipping agricultural products, automobiles, construction materials, chemicals, rubber, steel, wood products and jet fuel.

According to a 2007 Research Triangle Institute study, industries with 24% of North Carolina's economic output rely on rail freight service on the North Carolina Railroad. NCRR saves those freight customers \$198 million in transportation costs annually. If they ship freight, virtually every major manufacturer looking to expand or locate in North Carolina evaluates our rail service as part of their decision making.

Within North Carolina Norfolk Southern picks up or drops off 254,000 railcars of products along the North Carolina Railroad corridor. Those 254,000 railcars are the equivalent of replacing 762,000 trucks on North Carolina's already badly congested highways. Moving those 254,000 railcars significantly reduces air pollution in comparison to the exhausts of 762,000 trucks. That doesn't even mention the millions saved annually on highway maintenance.

Those types of benefits are multiplied many times over with other rail lines that cover the state and that are owned and operated by Norfolk Southern and CSX and over 20 short lines. It is a network of rail service that has great potential for growth. At the North Carolina Railroad we are pleased to be a crucial link in that network for the movement of goods and passengers between the economic markets of the Northeast, Southeast and of course within our state.

While those are all great benefits for North Carolina, we're not satisfied. We can be even faster, safer and better. We want to make the necessary investments to increase our capacity for freight and passengers.

With our public and private partners, we are about half way through a \$160 million capital investment program in the Corridor through 2012 that is improving safety, speed and capacity.

On a hundred sixty one year old railroad, the quality of the track and bridges can be a challenge. That's why in recent years we have completely replaced old, light weight rail with long "ribbons" of high quality seamless steel - called welded rail. That allows today's bigger, heavier trains to operate smoothly and run faster.

This past year we added eight miles of passing sidings between Raleigh and Selma and installed a new signal system at a cost of \$25 million. These improvements were made entirely with North Carolina Railroad revenues. This work allows more trains to use the tracks, improving the railroad's capacity and on-time performance for both freight and passenger customers. Our recent experience is that tracks within existing right of way cost about \$2 million per mile. Railroad bridges cost between \$5 and \$25 million each.

We replaced an old single-track bridge that spanned Highway 54 in Research Triangle Park with one that can accommodate additional tracks. This project removed a traffic bottleneck on 54 that has probably caught some of you in the past. This \$5.5 Million project will allow NCDOT to widen 54 and add a bicycle lane.

Looking forward, with significant contribution from NCDOT, we are double tracking 9 miles of the railroad between Greensboro and High Point—that project should be finished in 2009.

And here in Charlotte, we are beginning preliminary design for a new railroad bridge at Sugar Creek Road. CATS, Norfolk Southern and Amtrak - plus thousands of vehicles—use this intersection daily. It is the single busiest crossing on the North Carolina Railroad. There are 532 crossings on the North Carolina Railroad line. As the number of trains and speeds increase, bridges will be needed.

Other projects will include better signaling and eliminating more curves in our track, which have such an impact on our average speed.

What is up ahead?

Our plan for progress includes a \$450,000 study to determine whether commuter rail and freight can co-exist on the North Carolina Railroad. Until now, much of the attention by local governments has been on light rail. Commuter rail is different. Commuter rail would use expanded NCRR rail and run primarily in the morning and evening rush hours. Light rail runs most of the day usually on its own track. The 1999 agreement we signed with Norfolk Southern made provision for shared track commuter rail. Our Board determined last year that the time is now right for a full evaluation of that potential.

Such diverse areas as Albuquerque, Sacramento, Nashville, and Miami have commuter systems in place or are well down the path. Virginia has had commuter rail for many years.

Our study area is from Greensboro to Goldsboro. We will examine links through Greensboro, to Burlington, Mebane, Hillsborough, Durham, and Research Triangle Park, and Goldsboro Selma, Clayton, Garner and, Raleigh. The study will

determine costs for upgrading signals, sidings, and bridges. We will use computer modeling to test schedules. If the study shows potential, the model can be extended to the southern Piedmont and to Charlotte.

Whether it is commuter rail, or additional freight capacity, the good news is we have the right-of-way to accommodate increased investment in rail infrastructure. There will be no need to purchase expensive additional right-of-way, but protecting what we have will be more crucial than ever as we expand our services.

I hope this presentation has given you a better idea of the plusses and possibilities for the North Carolina Railroad's corridor for commerce. We can have a North Carolina Railroad that has even faster, safer and better freight and passenger service. We can have a North Carolina Railroad that's environmentally and energy friendly. We can have a North Carolina Railroad with a capacity that will significantly improve state and local government's ability to recruit new and expanding business and jobs.

We know you have lots on your plate. We have a straight forward cost effective plans than can help you address transportation needs. And we will know more in July when the commuter track capacity study in completed. We urge you to invest more in faster, safer and better rail service for businesses and for what will soon be the 12 million people of North Carolina. We look forward to working with you to make that happen.