



# House Select Committee Meeting

Strategic Planning and Long Term Funding Solutions



# Topics



- Who We Are?
  - North Carolina Short Lines
  - Aberdeen Carolina & Western Railway
- Impacts of FRRCSI
- FRRCSI Funding



# Who We Are?

***North Carolina's railroads spend over \$120 million dollars annually on the local economy.***

MOW Equipment

Fuel

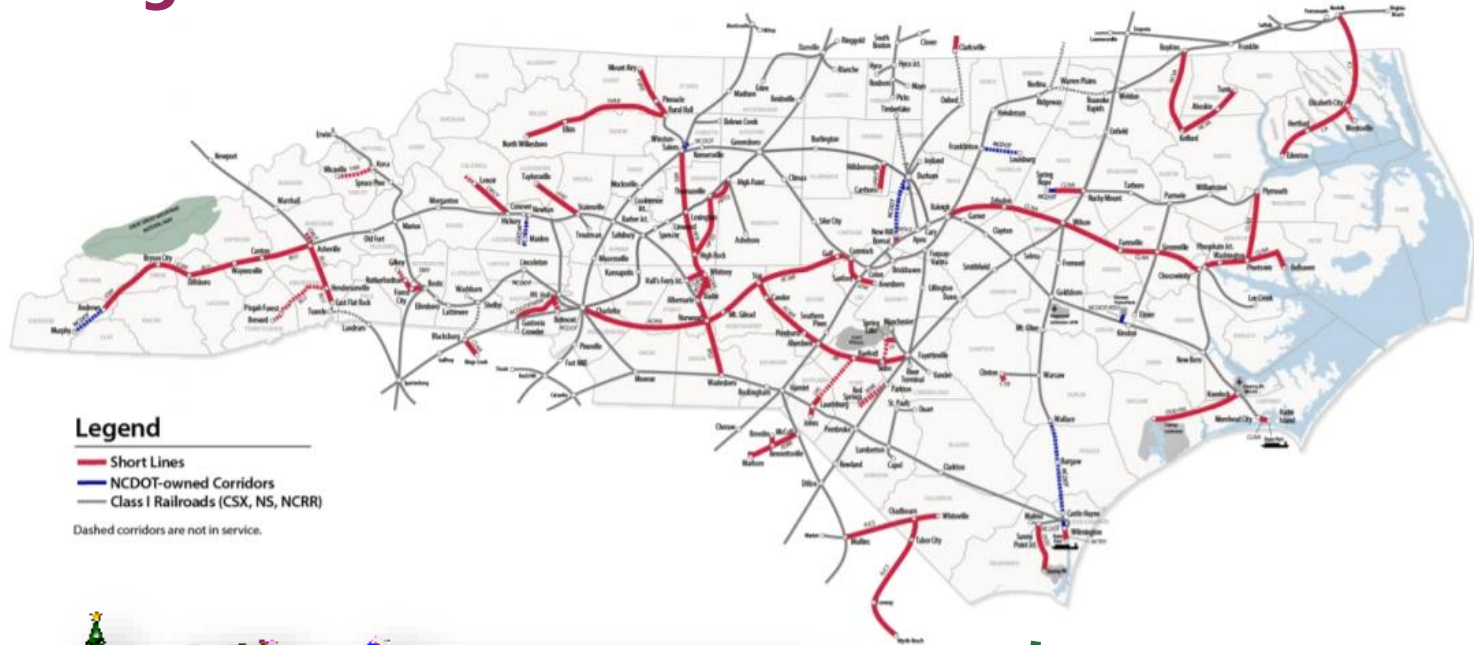
Shop Supplies

Vehicles and Vehicle  
Maintenance

Contract Maintenance



# In North Carolina there are 22 Short Line Railroads operating in 56 Counties



## Legend

- Short Lines
- NCDOT-owned Corridors
- Class I Railroads (CSX, NS, NCR)

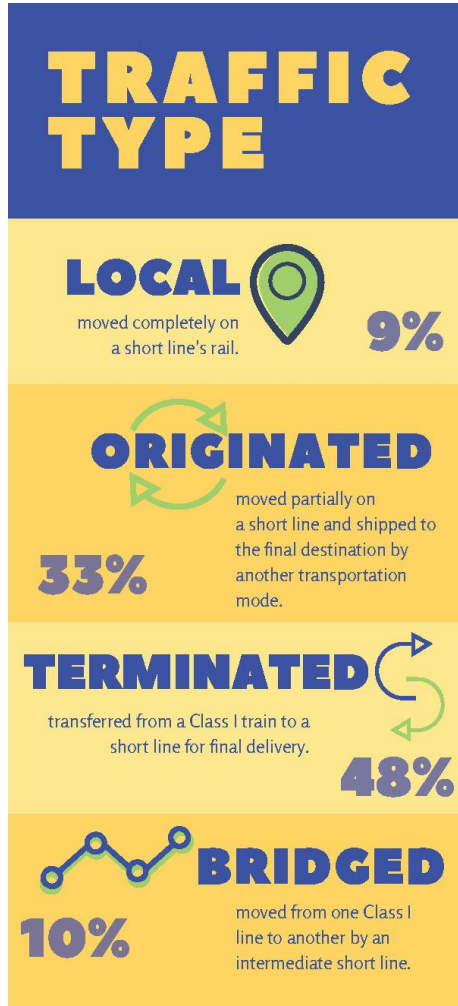
Dashed corridors are not in service.



**JOB CREATION:**  
2,600 direct  
railroad  
employees

NC Commodities  
affected by rail

# 1 in 5 rail cars are moved by short line railroads



Rail Cars Moved by NC Short Line Railroads	
2016	88,910
2017	93,890
2018	111,045
Projected 2019	101,378

Trucks traffic reduced due to NC Short Line Railroads	
2016	22,227
2017	23,473
2018	27,761
Projected 2019	25,345

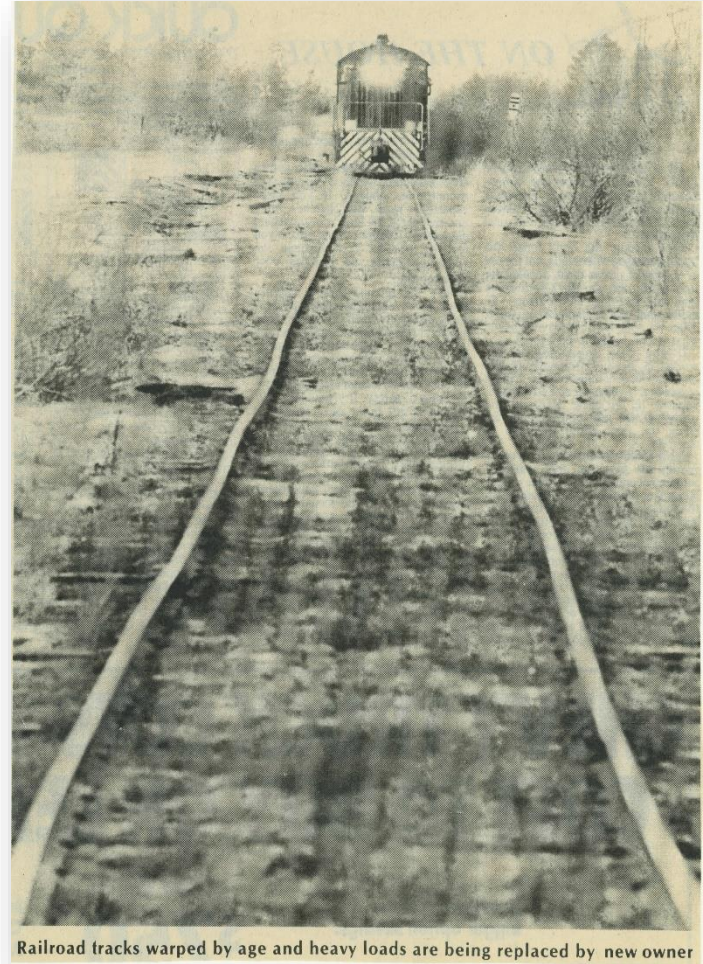
# Aberdeen Carolina & Western Railway: A *Brief History*



When the ACWR was bought in 1987 by Robert Menzies it consisted of:

- 70 pound jointed rail
- One GP-9 Locomotive
- Four Customers
- Approximately 800 Carloads

Mr. Menzies was having so many derailments on the dilapidated infrastructure that the local news stopped reporting them.

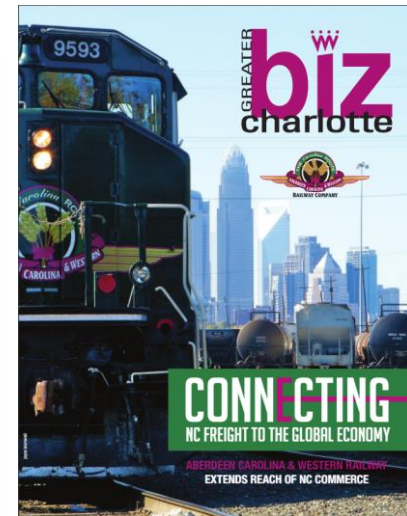




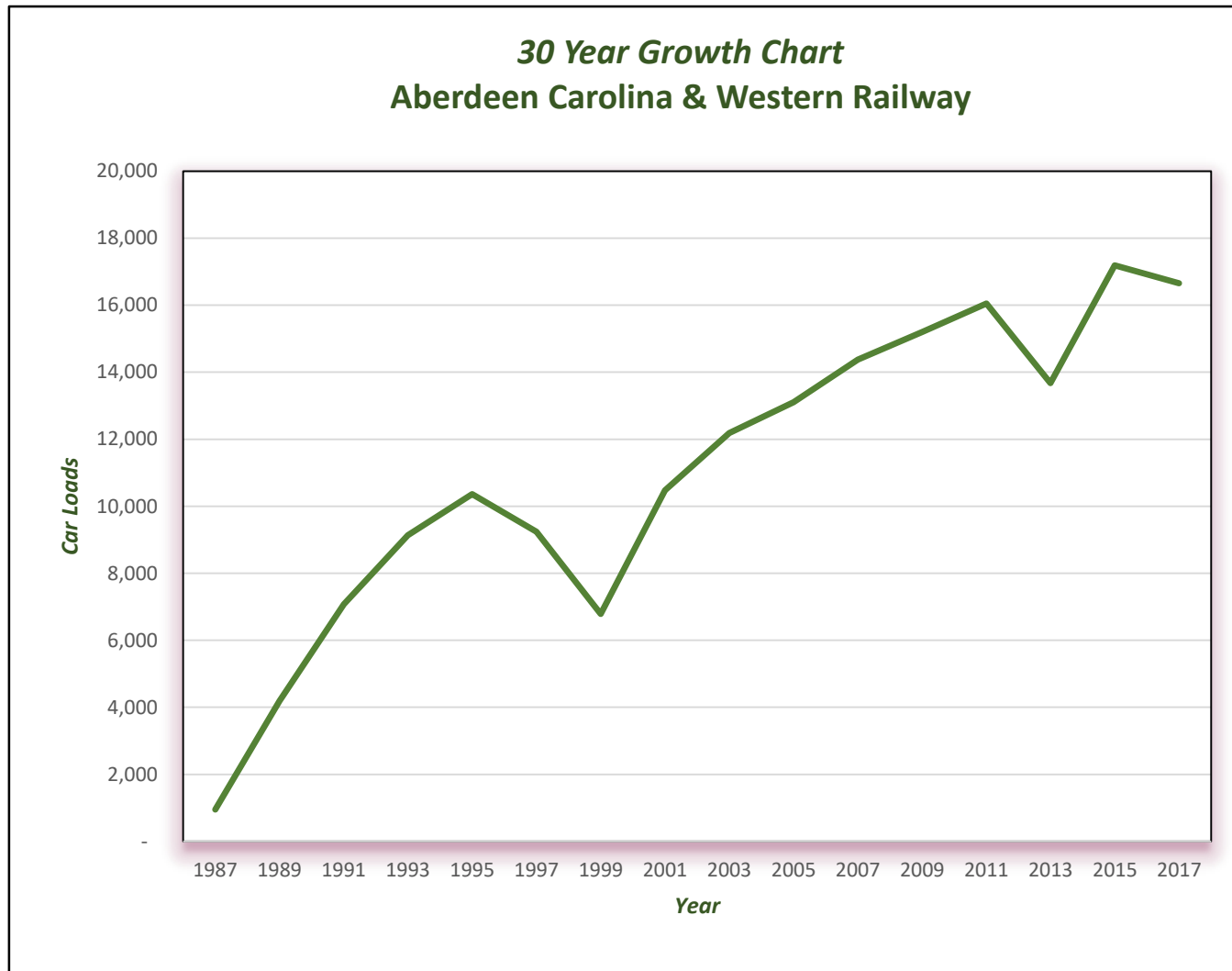
# Aberdeen Carolina & Western Railway: *Today*

After years of investment and reinvestment into the infrastructure and rolling stock, ACWR has become a reliable, safe network to serve our customers and communities with:

- 132 lb., 136 lb. and 141 lb. welded rail
- All bridges upgraded to 286k capable allowing ACWR to handle the heaviest cars in the industry
- 26 Locomotives
- 26 Customers



# Aberdeen Carolina & Western Growth Chart: *Due to Reliable Infrastructure*







# Impacts of FRRC SI

# Mountaire Farms

*ACWR utilized the SIAP (Short Line Infrastructure Assistance Program) to keep up with Mountaire's continued expansions. Without this funding, we could not have grown together.*



- **Aberdeen Carolina & Western Railway Customer since 2000**
- **Largest producing feed mill on the eastern seaboard**
- **Safe and reliable infrastructure has resulted in Mountaire expanding 5 times at this location on ACWR**
- **Mountaire averages 7, 90 car unit trains per month**

**Mountaire employs 95 full time employee's at this location**



# Rail Industrial Access Program

*This has been a critical marketing point for ACWR when recruiting business on our line*



**\$40 million investment**  
**49 on-site jobs**  
**2,600 feet of track**  
**RIAP assisted in recruiting**

**Upgraded infrastructure**  
**twice**  
**Invested \$2 million for**  
**upgrade of state of the art**  
**equipment**  
**Has doubled rail traffic year**  
**over year**

**Fully truck served since**  
**ACWR acquired**  
**As of 2018, rail and truck**  
**served**  
**RIAP assisted in gaining this**  
**business**



# FRRCSI Funding

*Short lines inherited track that had experienced years of deferred maintenance by their previous owners. Most short lines invest a minimum of 25% of their annual revenues in rehabilitation and maintenance, which is far more than almost any other industry in the country. Their ingenuity and investment has created a vibrant industry, serving a critical role in freight movement.*



# FRRCSI Funding and ACWR Matching Dollars 2014-2018



	<u><b>2014</b></u>	<u><b>2015</b></u>	<u><b>2016</b></u>	<u><b>2017</b></u>	<u><b>2018</b></u>
<b>FRRCSIS Funding Granted to ACWR</b>	\$ 800,725	\$ 1,039,095	\$ 222,500	\$ 399,985	\$ 507,661
<b>ACWR Infrastructure Dollars Spent</b>	\$ 1,105,287	\$ 1,149,911	\$ 2,306,170	\$ 871,265	\$ 1,692,940

*Reoccurring funding for FRRCSI to allocate to the short lines in North Carolina is critical to our industry, customers and local economy.*

# FRRCSI: *Feedback*



## Helpful:

- Streamlining the application process
  - Reduces administrative work
- Accelerated approval of grant requests
  - Allows for better planning of internal forces or contractors
- Accelerated inspection and reimbursement process
  - Allows projects to be closed faster to move on to other tasks

# FRRCSI: *Feedback*



## Potential Areas for Improvement:

- **Disaster Relief Funding**

In 2018, North Carolina was hit back to back by two hurricanes in less than a months time. One, if not both of these hurricanes, impacted railroad's across the state. The damage to ACWR's network approached \$300,000 as a result of these two natural disasters. All short line's in North Carolina could have used funding assistance during this time. It is critical to get our railroads back to where we can safely serve our customers as quickly as possible.



- **Inventory**

Allowing the use of materials purchased in advanced at a discounted price and not having to replace it in inventory at a higher price.

Many times we are able to buy material at a discounted rate due to a vendor wanting to get rid of year end inventories. Being able to use this material for grant projects and not have to replace it at a higher cost would save the state money, the railroad money and taxpayers money. This would enable the railroads to utilize the additional funding at other needed locations.

- **More fluent way to amend work scope if a different opportunity arises**
- **Potential assistance in funding for Positive Train Control (PTC) requirements and advanced technology**

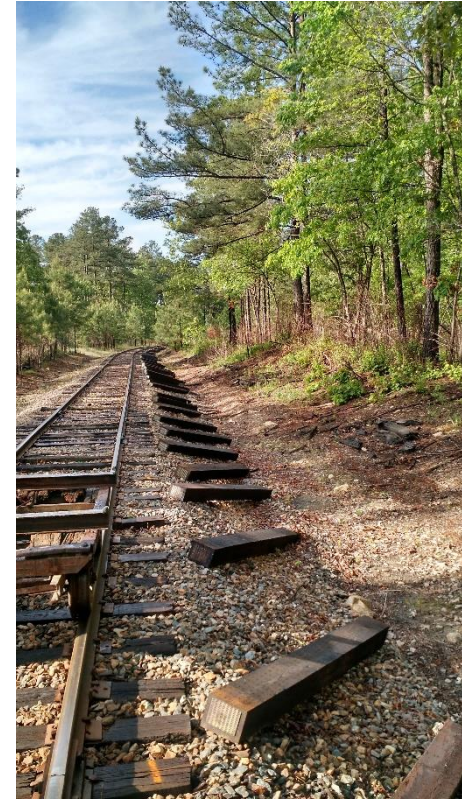
# WHAT KEEPS NORTH CAROLINA SHORT LINE RAILROADS "CHUGGIN" ALONG.....



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## *Freight Rail and Rail Crossing Safety Improvement Program*