



American Short Line and Regional Railroad Association

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ASLRRRA Selects 2021 Business Development Award Winners

Four Recipients Illustrate Short Line Railroad Success in Uncertain Times

WASHINGTON, September 1, 2021 – Despite the challenges of operating during a worldwide pandemic, short line railroads continue to create value for customers, the communities they serve and the U.S. economy. From a strong field of submissions, the American Short Line and Regional Railroad Association (ASLRRRA) has chosen to recognize four member railroads for excellence in business development and execution of growth strategies in partnership with customers, and local area economic development authorities.

“The Business Development Award honors the essence of what short lines are all about – developing a keen understanding of their customers’ needs, identifying opportunities to grow with their customers, and having the drive to turn every one of those opportunities into a benefit for their customers and the communities they serve,” said Chuck Baker, President, ASLRRRA. “In this pandemic year when simply staying afloat signaled success for many businesses around the globe, these awardees went above and beyond to deliver significant value to customers whose businesses were also upended, a testament to the flexibility, persistence, and long-term vision that the short line industry embodies.”

To be considered for the award, an ASLRRA member railroad must demonstrate the following: utilization of the railroad's unique operating characteristics to deliver value; partnership with other development authorities, Class 1s, or companies; delivering economic success to both the railroad and the community it serves.

The 2021 Business Development Award winners are:

Iron Horse Resources (IHR) - Meets Big Cargo Demands with New Mexico Short Line

IHR's Santa Teresa Southern Railroad (STS) in New Mexico has steadily built up its relationship with customers shipping windmill blades for wind farms, a feat that has required creative thinking and substantial infrastructure investments.

Windmill blades can be 116 to over 250 feet long. STS completed its first outbound shipment of windmill blades in 2015, after figuring out how to receive and load a 5,000-foot train on limited track space. To ensure it would be able to meet customers' needs, STS constructed a track extension and prepared a 1,000-foot loadout facility, eventually handling 90 wind-blade trains between 2015 and 2020. Then, in 2018, GE Renewables told STS it needed the railroad to increase its capacity to handle more trains. Not only that, the preferred train length on the Union Pacific system, with which STS connected, was now 7,000 feet instead of 5,000. STS had already extended its mainline 2,500 feet to accommodate these longer trains, but this request to handle multiple trains at once was going to require significantly more work.

In March 2020, just as the nation was beginning to implement its first COVID-19-related restrictions and lockdowns, STS signed a long-term agreement with GE Renewables and immediately began the process of building a dedicated train-loading facility for GE. Despite all the unfamiliar challenges arising from trying to complete such a complicated project in the midst of a global pandemic, STS finished the facility on Oct. 1, having built 10,000 feet of track, developed a 10-acre staging and loading area, and constructed a 4,000-foot roadway connected to a major county road. As a result, GE reduced its train-loading time from three days to one, and expects to ship increasing volumes of wind turbine blades with STS in 2021 and beyond.

In addition to its windmill blade business, IHR has increased shipments for STS through development of the Santa Teresa Gateway Rail Park (STGRP), a long term project begun in 2008 with IHR as the operator of the short line serving the park. By 2018, IHR had purchased the rail assets, and 1,243 acres of the park. W. Silver Recycling immediately purchased sixty acres. Admiral Cable, an electrical wire manufacturer, purchased 15 acres in the park in 2019 and will complete construction and start operations this year, with plans to ship over 400 railcars annually with STS. The second phase of the rail park project started in 2019 and construction on 100 acres of new rail-served industrial lots finished on time in May 2020 despite the pandemic. Two new customers will begin operations in the 3rd quarter of 2021, providing additional business for STS. In addition to business for STS, the STGRP is a significant source of new jobs and economic growth for the area communities.

Lake State Railway Company - Shifts Focus to Transload Business to Grow During Pandemic

Adapting quickly to the uncertainty of customers who may have shuttered their facilities as a reaction to COVID, Lake State Railway Company (LSRC) pivoted, aggressively focusing their attention on transload business. Bringing nine new customers online resulted in growth for the last two quarters of 2020, making it clear that their focus was on target.

LSRC developed seven transload locations along its Michigan lines, receiving grant money for five of those projects from the Michigan Economic Development Corporation and the Michigan Department of Transportation.

Developed transload locations include:

- Two new transload locations in Alpena, Mich.,
- Expansion of a Bay City and Gaylord Mich. transload facilities,
- A 35-car capacity facility in Greenbush, Mich. and a 44-car capacity facility in Flint, Mich.,
- Doubled transload capacity in Saginaw, Mich.

LSRC's projects did not only boost the railroad's bottom line, the development and restoration of an auto-loading facility in Flint, Mich. illustrates the ways investment benefits both businesses and local communities. LSRC constructed a 44-car facility at a former Buick loading site last used in the 1990s. In addition to the new construction, LSRC rehabilitated two miles of former mainline that was out of service.

The project brought approximately 20 new jobs to the area, not including those added by LSRC's subcontractors. Several million dollars was invested to support the auto loading facility, eliminating the need to move finished vehicles on the highway while helping to build back an area of town which had been vacated for decades.

LSRC's growth has had other positive results. Nearly all of LSRC's new traffic involved a modal shift from truck to rail. These companies are projected to add approximately 17,500 annual carloads to LSRC's operations, resulting in thousands of trucks taken off local roads, leading to less congestion and improved environmental impact on their local communities.

Pan Am Railways - Grows Business by Reimagining Supply Chain for Nine Dragons Export

With Maine's paper industry suffering from the shift from print to digital media, new opportunities for mills needed to be identified. Enter Pan Am's customer Nine Dragons Paper, the largest Chinese paper exporter, including old corrugated cardboard (OCC) from America to make recycled pulp for containerboard in Asia. New Chinese purity standards on imported OCC forced Nine Dragons to develop a new plan: making recycled wood pulp from U.S. OCC and virgin fiber, involving buying four paper mills to be retrofitted for this purpose on the Pan Am line.

Pan Am realized that, with most recycling centers lacking rail service, the Nine Dragons plan would likely be achieved with trucks bringing in OCC to be processed, and then being re-filled with pulp for export. To capture that business, Pan Am needed to make the two-way balanced move work – something they were able to do through coordination with multiple companies. Moreover, a solution would need to be scalable to match Nine Dragons' intended production of 1.5 million tons of pulp for export.

Some of the steps necessary to meet customer needs included:

- Identifying a cross dock opportunity near the Massachusetts Port Authority's Conley Terminal, which lacked direct rail access, for outbound shipments of pulp for export.
- Finding additional land for the expansion of the purchased mills to accommodate production goals, ultimately supplied by Pan Am with the sale of land and yard in Rumford, Maine.

- Onboarding a cross-docking facility with building and track upgrades facilitated by grant money from the Massachusetts Department of Transportation's Industrial Rail Access Program (MassDOT IRAP), and hiring Mid-States Packaging & Distribution to operate the warehouse.
- Working alongside Nine Dragons through the plant conversions in preparation for inbound rail movement of scrap paper.

In November 2020, Pan Am moved its first return loads of scrap paper to a Nine Dragons mill. In two months that volume increased to 70 cars, and the number of incoming and outgoing shipments finally matched. This balanced move continues to grow in 2021, and Pan Am expects to handle 1500 carloads this year, with an eye toward expanding service to a warehouse near the Port of New York and New Jersey to match increased production by Nine Dragons.

R. J. Corman - Revives Defunct Short Line and Restores Customer and Community Trust in Rail

Rebuilding a bridge over land or water can be a difficult undertaking, but, often, the toughest bridges to rebuild are those connecting a small-business railroad with community partners, former customers and local residents. R. J. Corman undertook this challenge after acquiring what are now its Carolina Lines (RJCS), taking a defunct railroad and growing its annual carload from zero to 5,157 in roughly five years.

When R. J. Corman bought the Carolina Southern Railroad in 2015, it had been shut down since 2012. That year, the railroad's owner refused to make expensive repairs mandated by the Federal Railroad Administration (FRA) and instead ceased operations abruptly, leaving many businesses without a shipping service and forcing some to switch to more expensive trucking, while others closed or relocated. Several vowed never again to use rail.

R. J. Corman was facing challenges on all fronts. It had to rehabilitate the railroad's run-down infrastructure, including an overgrown right-of-way, rotten ties and seven bridges deemed by the Federal Railroad Administration to have "critical defects." It had to reconnect with a community that had grown unaccustomed to railroad operations and needed to be reminded about rail benefits, including the safe transportation of goods and community growth. It had to work closely with multiple state and local government agencies and economic development organizations across North and South Carolina to secure additional funding for repairs and to develop and promote rail-served sites. And, critically, it had to

rebuild its relationship with customers and convince companies that it could provide consistent, cost-effective shipping services.

Since 2015, R. J. Corman has made significant headway in all those areas. An initial \$4 million investment enabled the company to get RJCS into minimal service condition, while an additional \$28 million has been procured through state and federal funding programs for track, bridge, signal and crossing rehabilitation. R. J. Corman has also invested millions in developing rail-served facilities and industrial parks to attract new businesses and better serve its customers, and to entice new customers to rail-served locations. This includes restoring one rail park in North Carolina, and connecting another to RJCS.

To help the community refamiliarize itself with rail safety, R. J. Corman used local media to notify communities in North and South Carolina about resuming operations; distributed safety pamphlets to help local drivers and pedestrians stay safe around tracks and railroad property; and held town hall meetings and gave presentations at other events to deliver safety and rail service information in person. And to win back customers and restore their trust in rail, R. J. Corman used a similar strategy, meeting in person with businesses to demonstrate their experience, commitment to the project and willingness to work with companies to meet their needs.

The numbers themselves tell a compelling story -- \$47.7 million invested in rail upgrades, 13 customers brought online, 15,000 truckloads converted to rail, 5,157 carloads estimated to be moved in 2021, and more. Still, what turns these data talking points into a true short-line success story is how R. J. Corman built those numbers up in a way that paid attention to its customers and the community, working for them and with them to reach their goals.

The 2021 Business Development Awards will be presented on November 18, 2021 at the ASLRRRA Annual Convention & Exhibition in Phoenix, Arizona.

Click [here](#) to learn more about the 2021 Awardees and the Business Development Award.

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About ASLRRRA - The American Short Line and Regional Railroad Association (ASLRRRA) is a non-profit trade association representing the interests of the nation's 603 short line and regional railroads and railroad supply company members in legislative and regulatory matters. Short lines operate 47,500 miles of track in 49 states, or approximately 29% of the national railroad network, touching in origination or termination one out of every five cars moving on the national railroad system, serving customers who otherwise would be cut off from the national railroad network. www.aslrra.org

