



# North Carolina

DEPARTMENT OF TRANSPORTATION

## Successful Short Lines and Regional Railroads Are Entrepreneurial

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# Railroad Classes

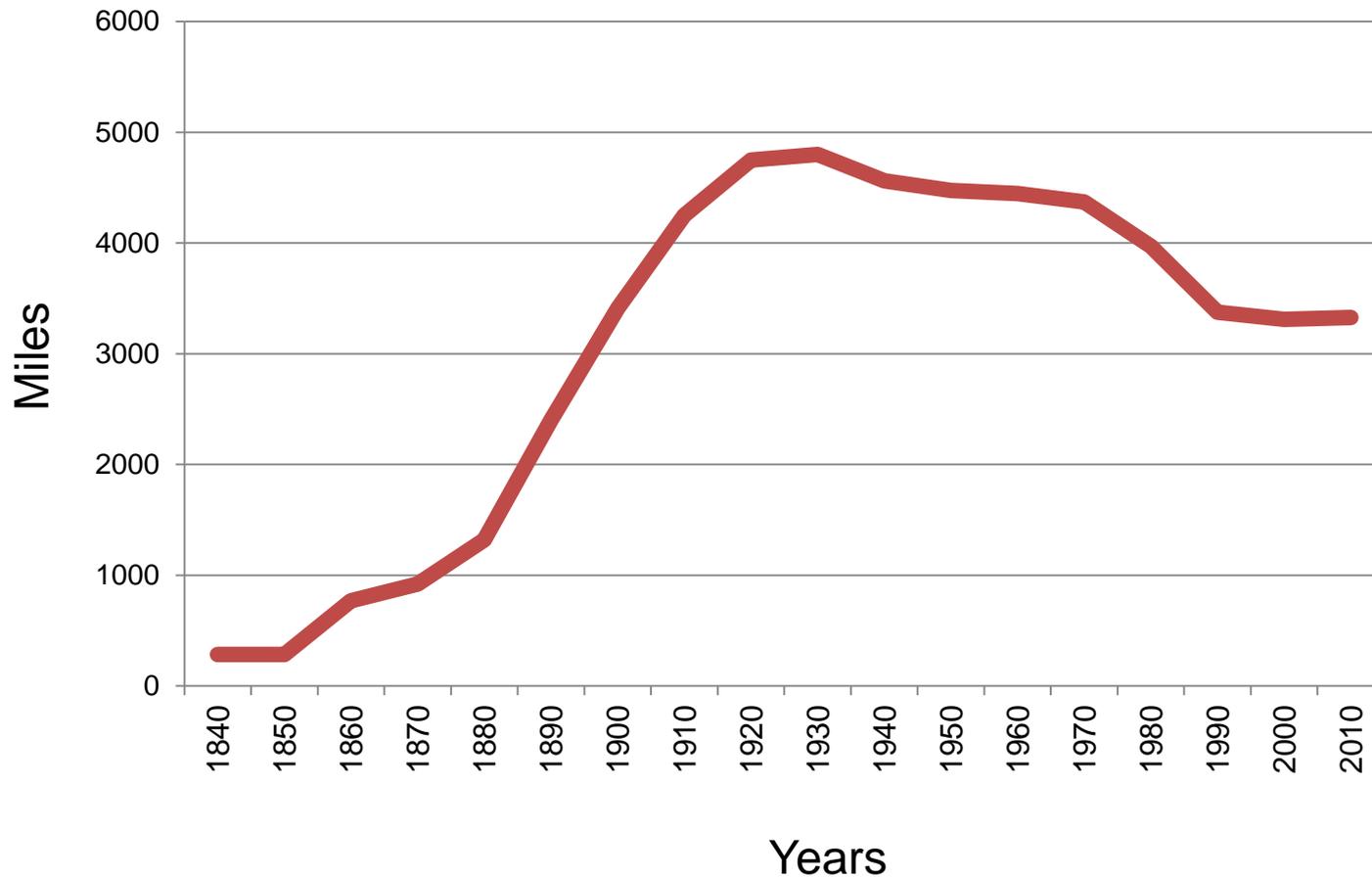
## Surface Transportation Board defines railroads by gross revenue

- **Class I** \$467 million
  - CSX Transportation and Norfolk Southern Railway

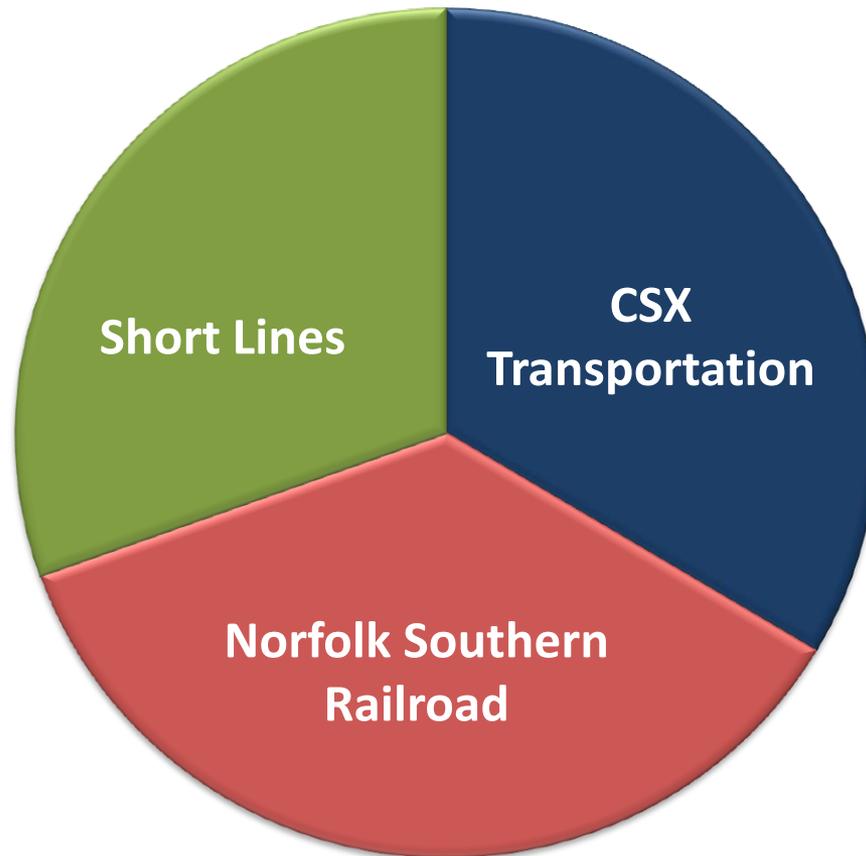


- **Class II** \$37 million
- **Class III** <\$37 million
  - 20 Short Lines in NC from 3 to 173 miles in length
  - About 50% are independently owned
  - About 50% are controlled by holding companies, railroads, and government

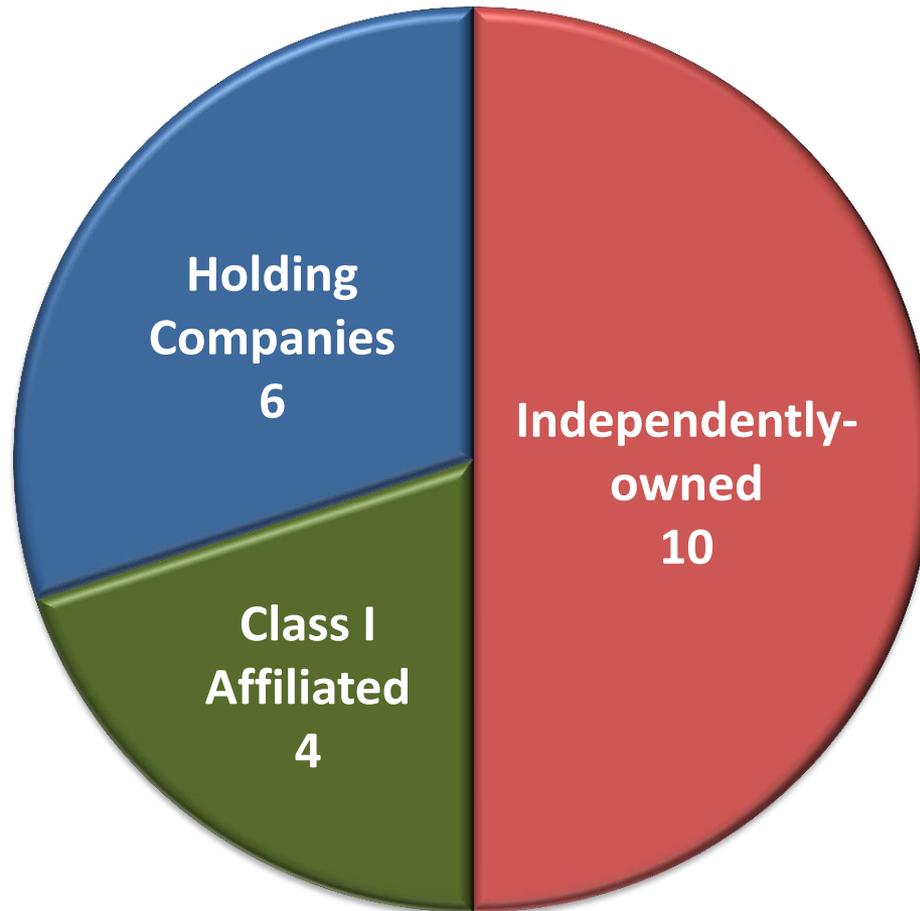
# Miles of Railroads in NC – 1840-2010



## 2015 Railroad Mileage in NC



# NC Short Line Ownership



# Short Line Characteristics

- Provide access to national and international markets
- May be independently owned or by a holding company, government or industry
- NC short lines held by larger corporations may benefit from greater access to capital
- Typically acquired an unprofitable branch line from a Class I railroad

# Short Line Characteristics

- Traffic density is critical
- Emphasis on quality service and flexibility
- Enables business and industry to site in rural and small urban areas

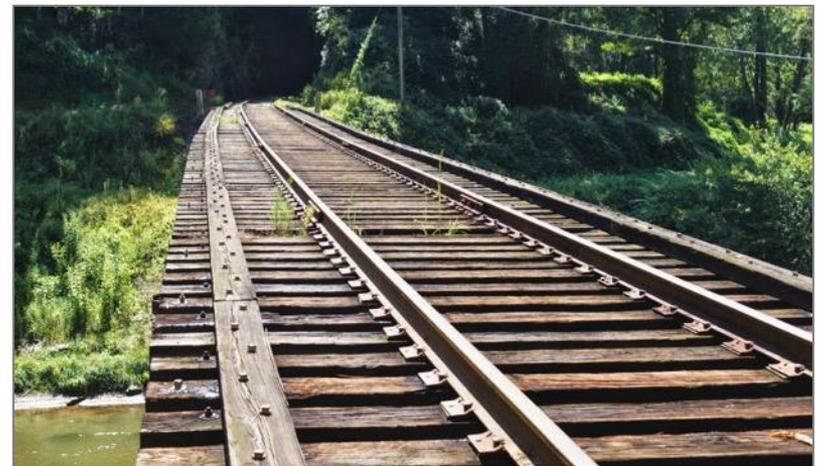


Travis Bowers

Travis  
2015

# Common Short Line Challenges

- Infrastructure condition and maintenance
- Cash flow / financing
- Service conditions flow from Class I's
- Marketing innovation
- Cost inputs for service
- Customer commodity mix



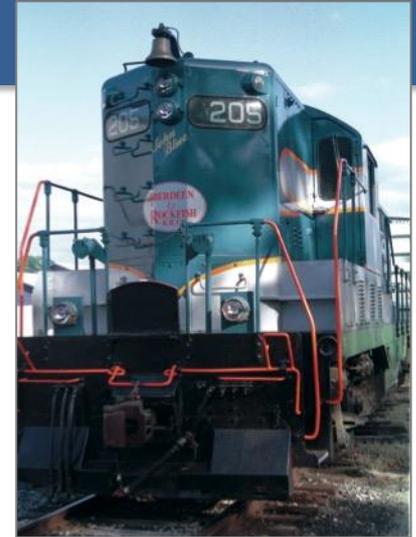
# Entrepreneurial Traits of Successful Short Lines

- Lower Cost Structure
- Flexible
- Enhanced Customer Service



# NC Short Line Examples

**Aberdeen & Rockfish (AR)** – interchanges with CSXT and NSR, diversified customer base



**Aberdeen Carolina and Western Railway (ACWR)** – interchanges with CSXT, NSR and WSSB, public-private investments in infrastructure have enabled unit trains, also services locomotives and rail cars



## NC Short Line Examples

**Alexander Railroad (ARC)** –  
interchanges with NSR, acquired for  
scrap in 1946, serves the Taylorsville to  
Statesville industrial corridor

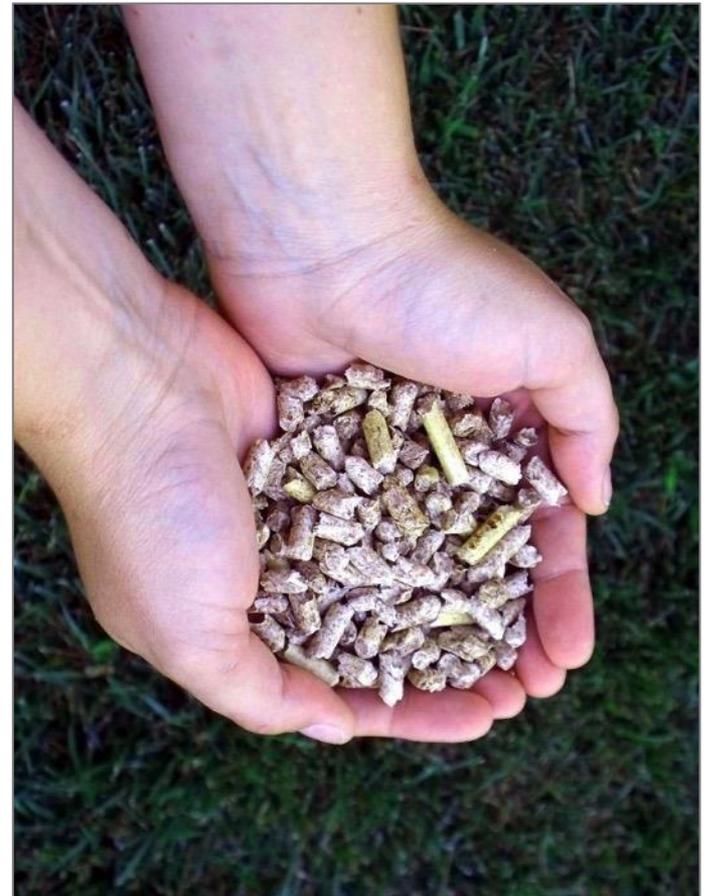


**Carolina Coastal Railway (CLNA)** –  
interchanges with CSXT and NSR in four  
locations, frequent service, innovates to  
develop new stone, agricultural and  
wood chip customers



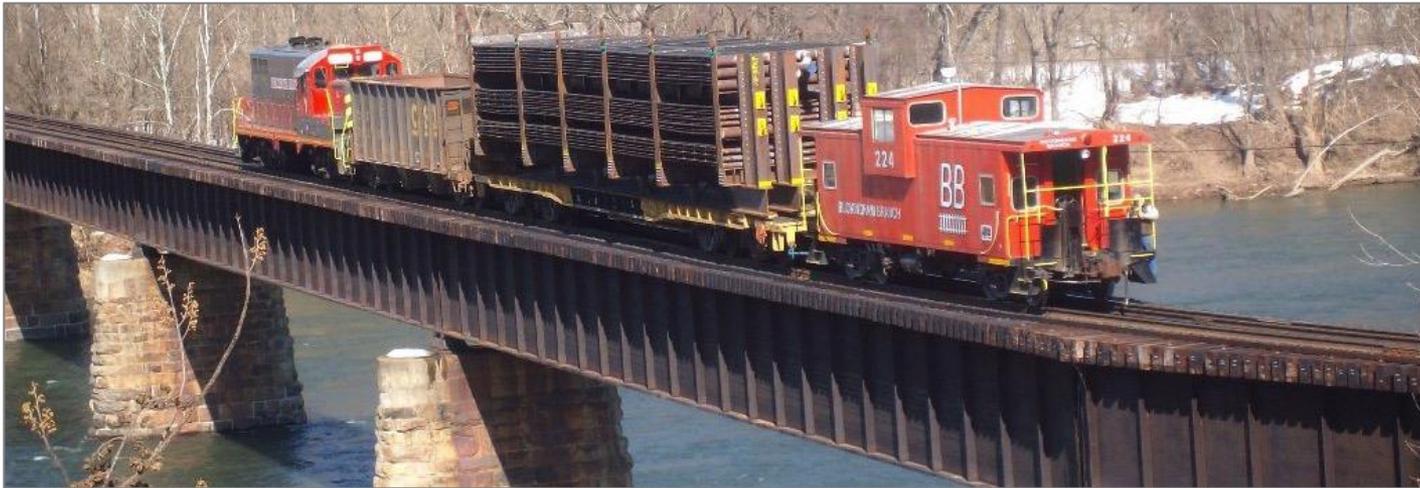
## NC Short Line Examples

**Yadkin Valley Railroad (YVRR)** –  
interchanges with NSR, operates two  
lines, serving feed, wood products,  
steel, plastics and fuels



## VA Short Line Example

**Buckingham Branch Railroad (BB)** – interchanges with CSXT, NSR and Durbin & Greenbrier, 275 miles, 88 employees, customers ship ore, sand, wood products, stone, fuels, and agricultural products. BB hosts Amtrak's *Cardinal* and seasonal passenger excursions



## Class II Examples

**Alaska Railroad (ARR)** – state-owned provides extensive freight and transports 500,000 passengers annually



## Class II Examples

**Florida East Coast Railway (FECR)** – exclusive provider to FL east coast ports, also developing a new, privately-funded, intercity passenger rail service. *All Aboard Florida* will connect Miami, West Palm Beach, Fort Lauderdale and Orlando.



# Conclusions

- Market segment is customer friendly, responsive to change, and has sustained through challenging times
- Provides vital national and international connections for rural and small town business and industries
- Shippers benefit from lower transportation costs, more flexible local service and greatly expanded markets for products
- Public private investments are required for short lines to upgrade infrastructure to meet the 268,000 pound rail car standard



**Thank You!**  
**Questions?**