

## PHASE ONE SUMMARY

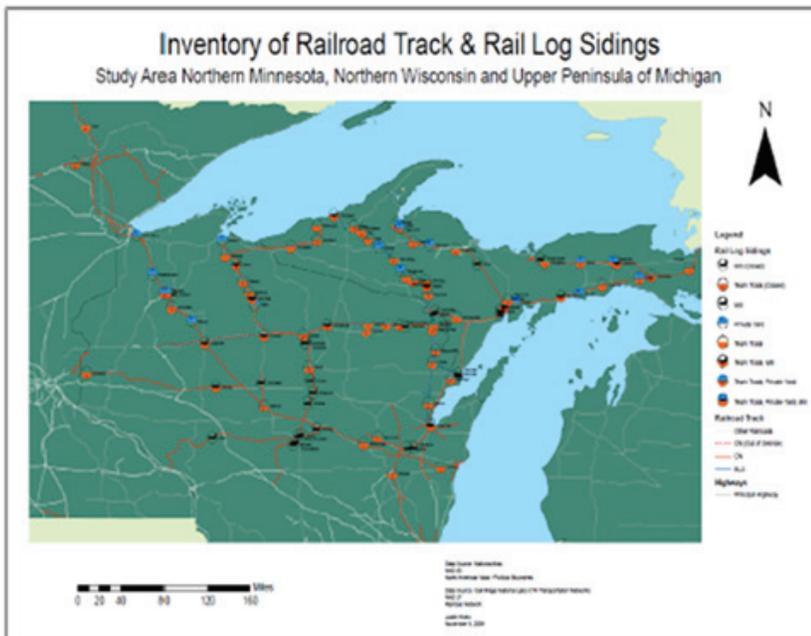


# Great Lakes Forests Log Car Fleet

Supporting  
Healthy Forests and Communities,  
Competitive Forest Products Industries

Submitted by  
Northwoods Rail Transit Commission

2014 Tiger VI Application  
April 28, 2014



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**GREAT LAKES FORESTS LOG CAR FLEET**  
**Healthy Forests and Communities**  
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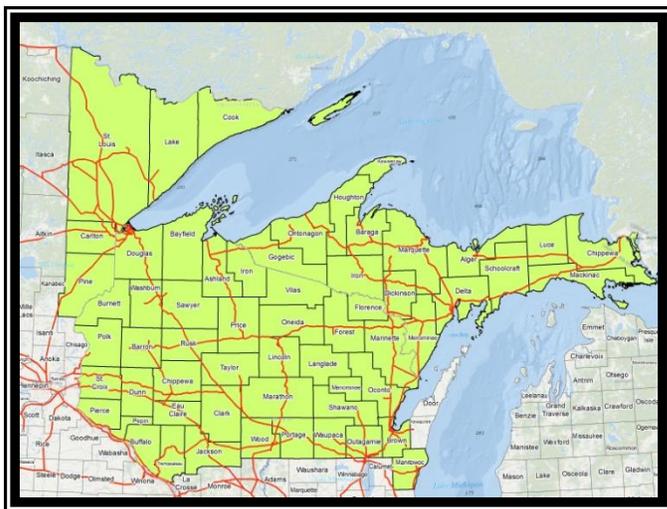
Given overall revenue freight on the Region’s light density rail lines, private sector capital requirements have not permitted investment in new railcars for raw forest products, logs – at a cost and/or rates compatible with competitiveness of the Region’s forest products industries – since the mid-1980s.

As a consequence, of the railroad-owned log car fleet of approximately 1200 log cars, each year some 75 cars reach the end of their useful lives and cannot be rehabilitated or rebuilt to remain in service. Markets for used cars to be rehabilitated or rebuilt for log service have all but dried up.

The Northwoods Rail Transit Commission’s (“NRTC”) TIGER VI Grant Application, due April 28, 2014, seeks \$18 million to purchase 150 new 66-foot log cars, to be operated as publicly-owned log car fleet serving throughout the Great Lakes Forests Region (“GLFR”) (see map, below). Measuring impacts only on road and bridge maintenance and repair and highway safety, addition of the 150 log cars will provide a highly favorable public benefit-cost ratio (4:1, at 7% discount and 7:1, at 3%).

Competitive access to distant markets, only possible via rail, increases log value and competitiveness of the Region’s forest products industries. An efficient rail network and adequate log car supply throughout the Region is critical for logs to achieve their highest and best use and value. For the landowner (in many cases county, state, tribal and national forests), the difference in value can be as much as 400%, \$25 versus \$100 per cord.

Beginning with NRTC's TIGER VI application for 150 log cars, our goal is to add a minimum of 300 to 450 new log cars (2015-2017) avoiding further net attrition in the GLFR



log fleet (currently, railroad owned) and avoiding increased reliance on over-the-road (“OTR”) trucking. Absent a substantial change in circumstances (*e.g.*, our successfully adding other freight to the GLFR light density lines), over time, based on public benefit from reducing reliance on OTR trucking, we anticipate the integrated, publicly owned, GLFR log fleet will replace up to 100% of the current railroad-owned fleet and provide 100% of fleet expansion.

Expanding the log car fleet, by helping increase the harvest (now less than 50% of allowable cut under sustainable forestry practices) will reduce the risk, cost and resource loss to forest fires, disease and death in the forest releasing sequestered carbon. It will also increase access to export markets.