

COLLABORATIVE MODEL CONSIDERATIONS FOR REGIONAL TRANSPORTATION CHALLENGES

Jake Hayrynen

Marketing and Sales Manager, JM
Longyear, LLC

Introduction

- Review a model of solutions to local level operational challenges
- Apply these principles to discussion of regional transportation issues & challenges

Longyear Ties to Rail

- JM Longyear is large supplier of forest products in Great Lakes region
- Grown our business from 40K CEU's to 200K in 10 years (land and stumpage)
 - 70% trucks (approx. 7000 trucks)
 - 30% rail (approx. 1700 cars)
- Rail has been critical to our success in new business startup

Initial Operational Issues

- Rail service (days per week)
- Unreliable car delivery
- Inefficient spotting of cars within yard
- Deflecting and minimizing demurrage
- Car shortages during peak operating periods

Collaboration

- Understanding the CN's business
- Communicating and creating relationships
 - Key people:
 - Account manager of sales and marketing
 - Manager for equipment utilization
 - CN personnel on the local operational level
 - Customer Service Rep.
- Build a collaborative effort to manage our business with railroad

Longyear Odena Log Yard

- Odena model gave us fertile ground to focus on solutions to successfully address issues
- Attributes:
 - 19 acre site
 - Good all-season highway access
 - 2 rail spurs with total capacity of 18-20 rail cars
 - Located within 40 mile proximity of operations
 - 150+ miles to 95% of customer base



Longyear Odena Log Yard

Longyear Odena Log Yard

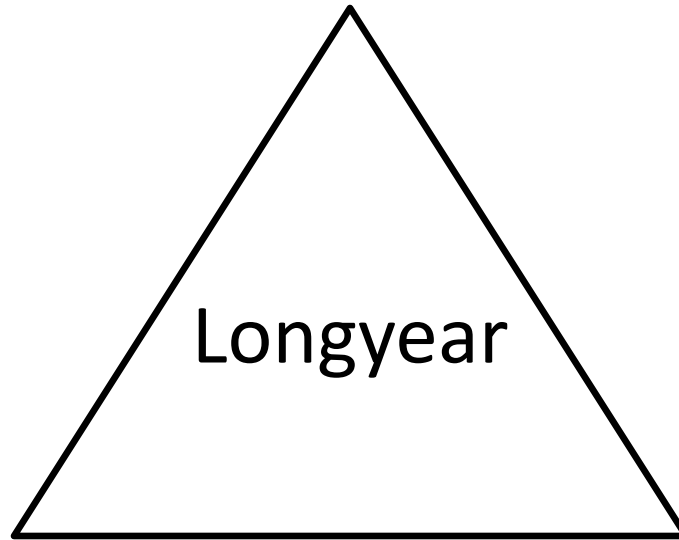


Advantages of Yard

- Intensive marketing of all products
- Consolidator of products for customers
- Ability to put up inventory along rail side
- Room for live loading (65%)
- Final filter for off-spec wood and proper loading

Controlled Environment to Add Value

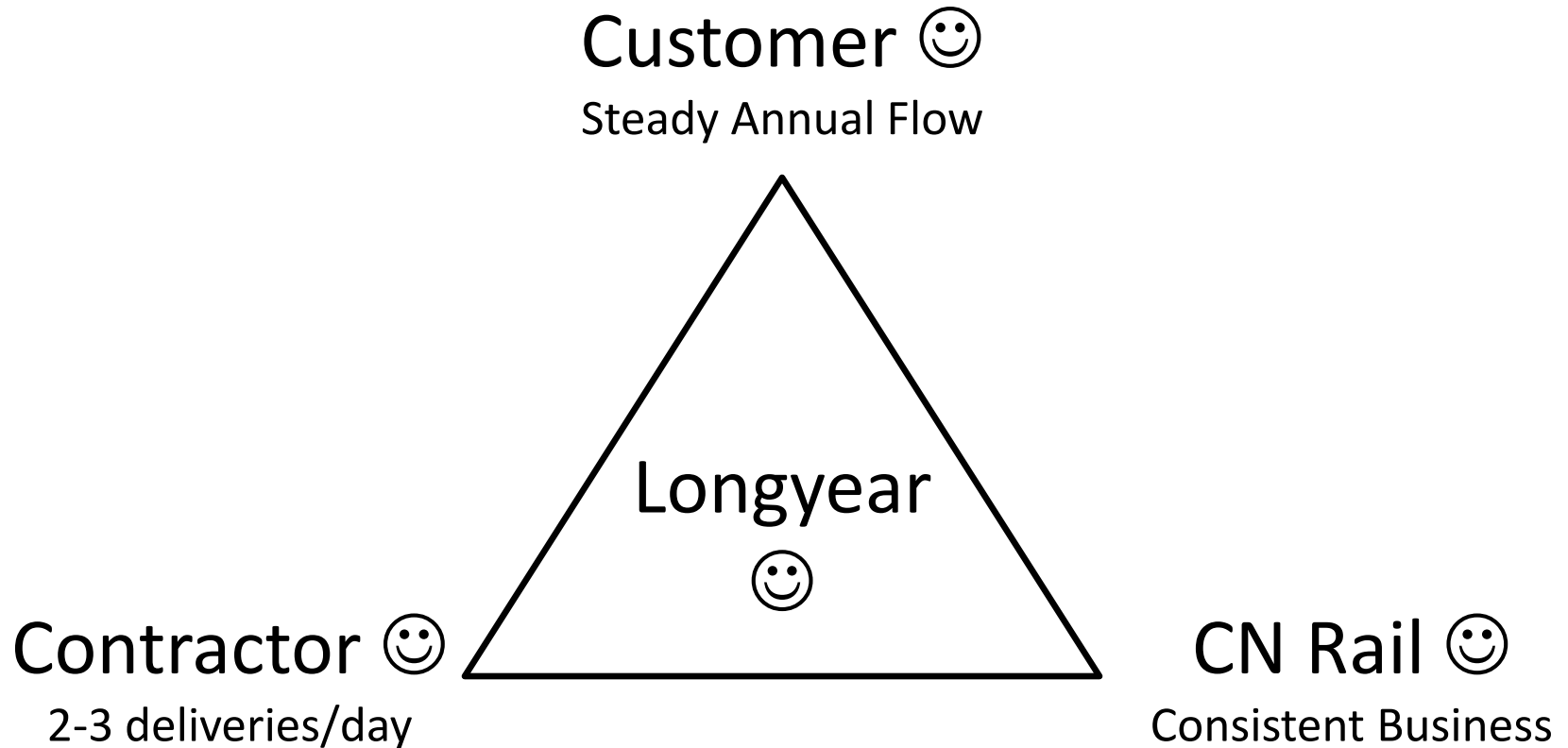
Customer
Steady Annual Flow



Contractor
2-3 deliveries/day

CN Rail
Consistent Business

Controlled Environment to Add Value



Higher Level Regional Issues

- Aging rail infrastructure(light density rail lines)
- Car shortages (seasonal)
- Risk of future abandonment
- Institutional barriers (joint line haul)
- Rates

Wrap-Up

- Reviewed model of solutions to local level operational challenges
- Collaborative model may be useful in solving regional issues
- As opposed to a common fragmented approach