



# Port Terminal Railroads

Public Private Partnerships

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Established in 1995 in Philadelphia to advise short line railroads and companies in the rail industry, SRF has advised on projects in 42 US states and Canadian provinces

- Public and private finance
- Business sales and acquisitions
- Transportation planning and policy
- Business development and site selection

Created OnTrackNorthAmerica in 2007, a 501c3 non-profit advancing sound transportation policy and collaborative, holistic growth of the rail industry

# Presentation Outline

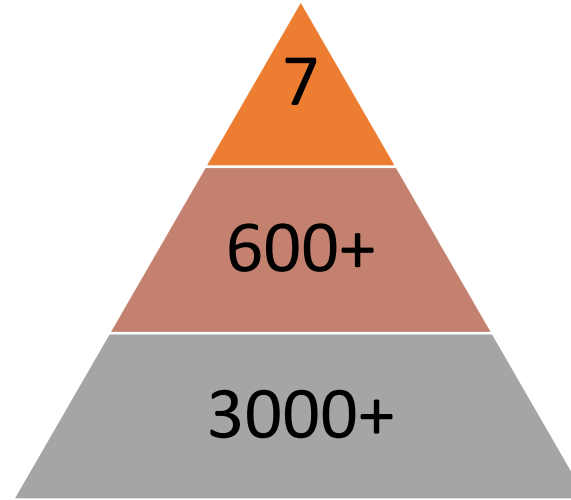
Railroad industry as context

Menu for hybrid investment-public-private partnerships with railroads

Financial and “Programmatic” return on investment

Case Study: closing a funding gap for on-dock, rail-served development

# Structure of the North American Rail Industry



Class I Railroads

Class II and III Railroads

Industrial Rail Shippers



CANADIAN  
PACIFIC



# Comparison of Railroad Types

## Class I and Regional Railroads

- Long-haul carriers
- The railroads are “public” like a utility but without price controls
- Railroads privately fund the infrastructure and locomotives
- Railroads maintain exclusive operational control over tens of thousands of route miles

## Terminal Railroads

- Last-mile carriers
- Typically operate a few miles of track and switching yards
- Many public, private and hybrid ownership / operation models
- Perform the blocking and interchange for Class Is and switching for customers

# Hybrid Investment-Ownership-Operation



## Ownership

- Land
- Repair facilities
- Locomotives
- Mainline and yard tracks
- Structures
- Industrial tracks
- Rolling stock
- Leasing options



## Operations

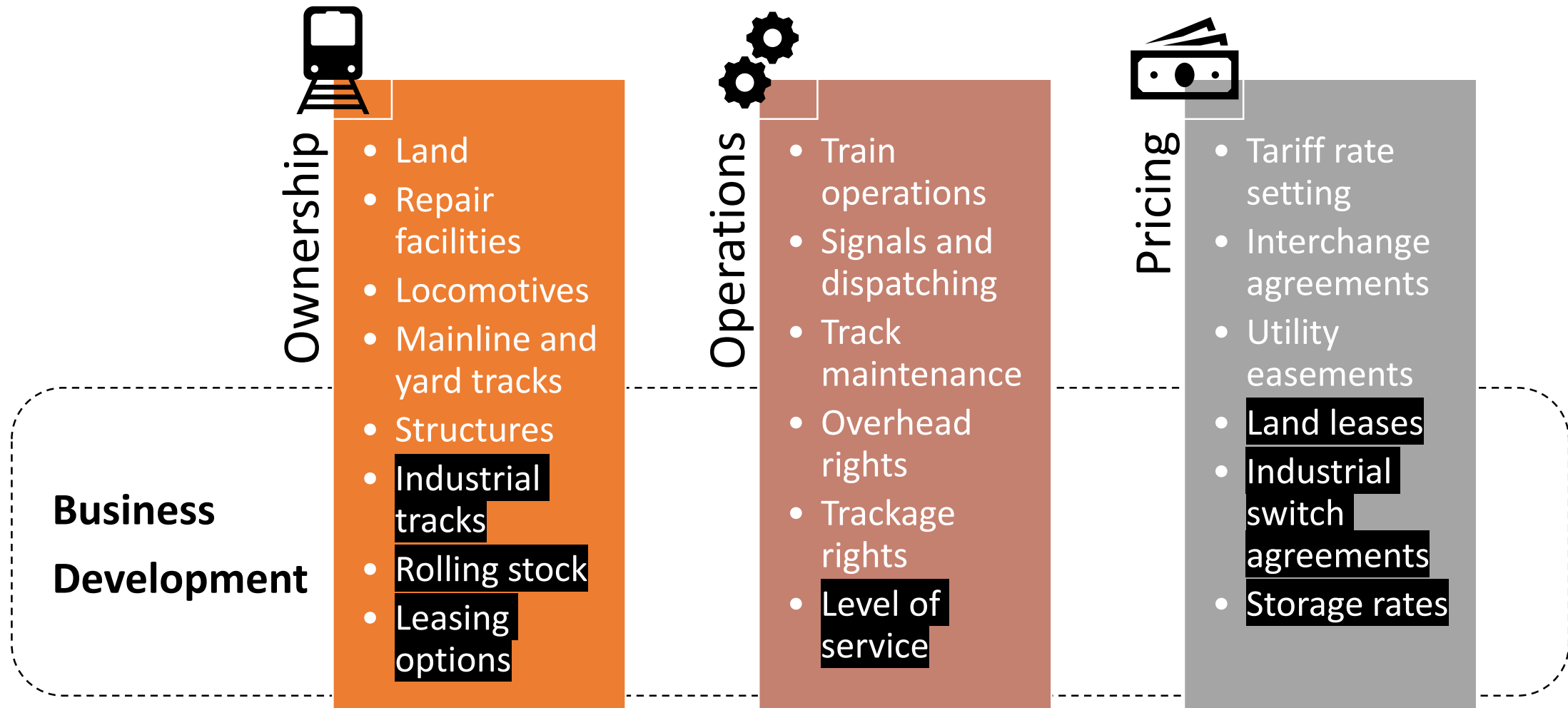
- Train operations
- Signals and dispatching
- Track maintenance
- Overhead rights
- Trackage rights
- Level of service



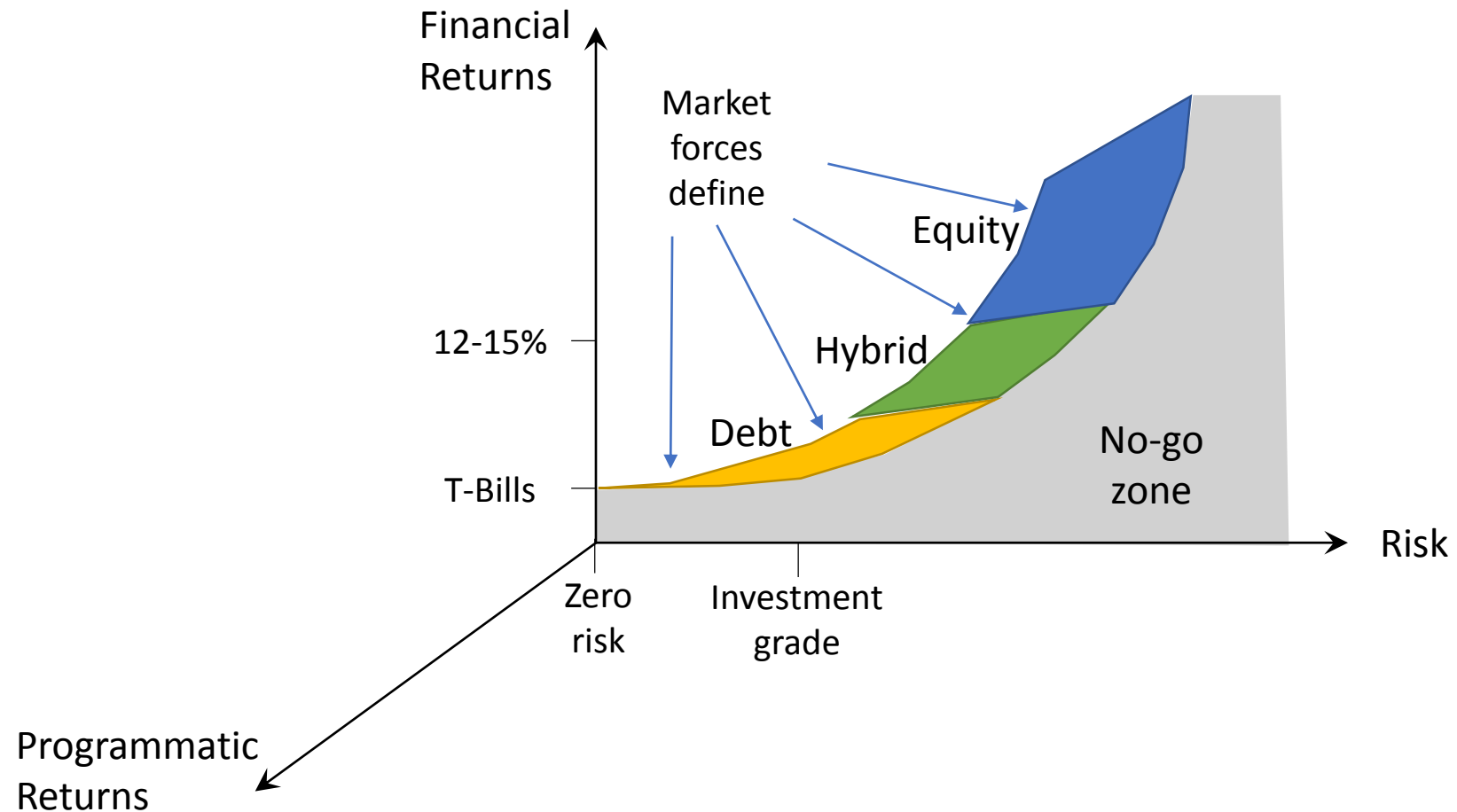
## Pricing

- Tariff rate setting
- Interchange agreements
- Utility easements
- Land leases
- Industrial switch agreements
- Storage rates

# Hybrid Investment-Ownership-Operation

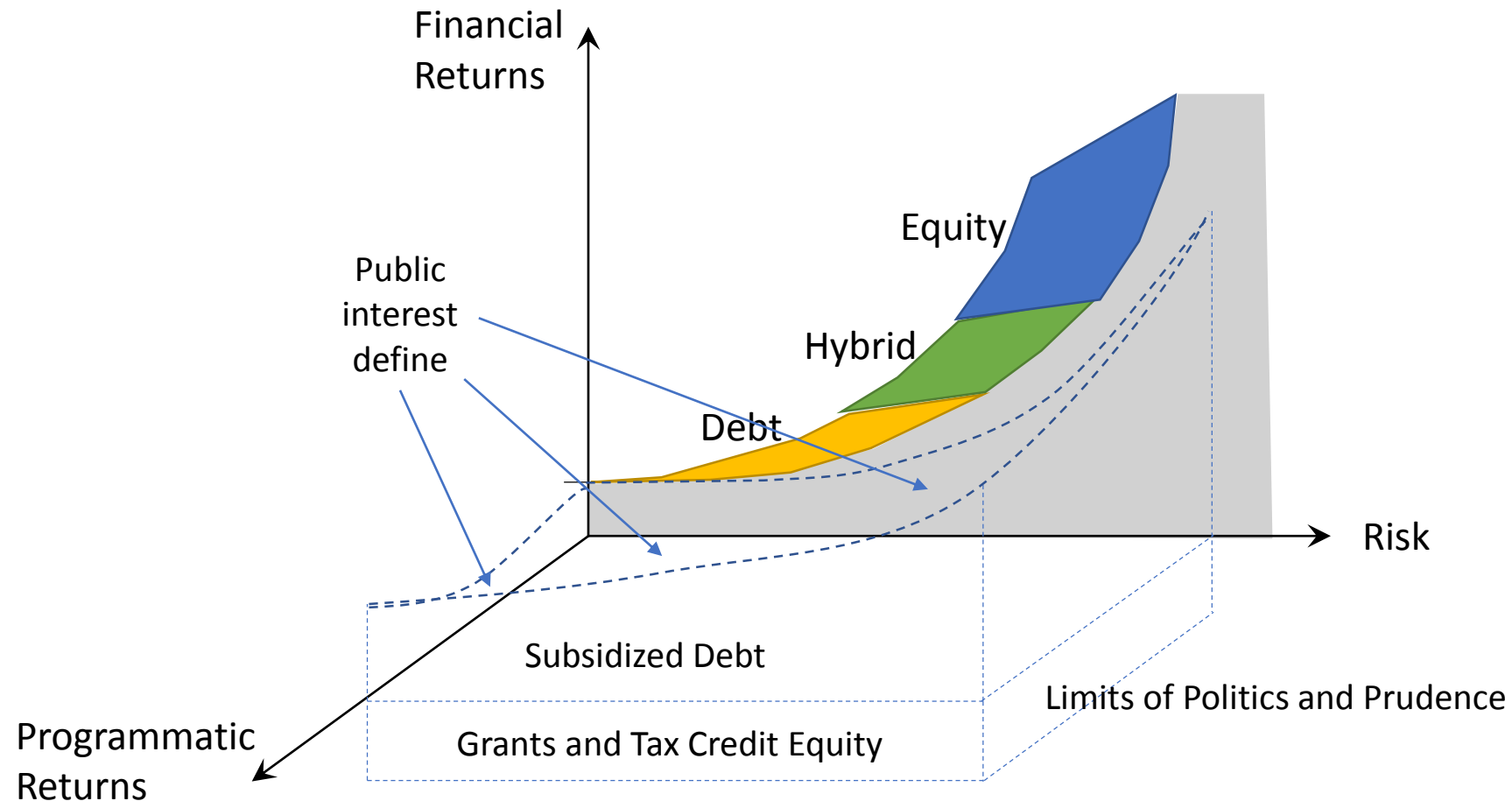


# Return on Investment





# Return on Investment—the Third Dimension





# Group Exercise – “Mind the Gap”

## **On-Dock, Rail Served Prospect**

- \$400mm chemical plant, including \$30mm for port and rail improvements
- Feedstock via pipeline and rail
- Finished product of 2.2 million tons by barge and rail
- Landlord Port owns the land, wharf, and railroad track

## **How to Close a Funding Gap**

- Another state offered a lot of incentives
- The Company needs the Port and RR to close a \$20mm funding gap to pick your site
- With no land lease revenue or available port bond capacity, how do we close the gap?

# Thank You!



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