



2017 Annual Report and Appeal for Your Support

November
2017

→ Message from the Executive Director

This has been one of the most exciting years in our 15 years of advocacy for better railroads. Diligence and persistence by our Development Director in the I-80 Corridor was largely responsible. That work is detailed later in this report. But first, at the 15-year mark, I want to step back and review the urgency of what we do.

During the 50-year build out of the interstate highway system, U.S. railroads lost substantial traffic and market share to trucks. The current trend in rail infrastructure downsizing has steadily eroded capacity and performance, limiting the freight that can be hauled by rail. This has further marginalized the rail industry.

Americans are being shortchanged by a railroad industry that is happy with the *status quo*. Wall Street and shareholders are satisfied with lower operating ratios, the focus on handling existing business at less cost. No one talks about growth! The public misses out on the compelling energy, economic, and environmental advantages from movement of freight by rail. More on that later, too.

This crisis may soon be exacerbated by millions of dollars pouring into automated vehicle research. Platooning of autonomous trucks on the highway is a real threat. A drastic shift in competitive balance could further weaken railroads. Autonomous truck advocates anticipate, probably correctly, that the public may not like these parades of automated trucks on the highway, so they are pushing for an entirely separate tier of new interstate highway truck-only lanes to accommodate them.

That's where the momentum is. It's glitzy and exciting. Engineers, technology developers, and academicians love it. Research funding is available. It's the default option we will face for decades to come if no viable alternative is forthcoming.

This is not the way we should want to go as a nation. It does not need to be that way. If important new land transportation infrastructure is to be built, the Steel Interstate is better for so many reasons.

There is a \$28 billion annual market in long distance road transportation waiting to be fully tapped by improved rail freight services. Trucks have most of this business, so haul the trucks! Trucks can be carried on trains without having to spend billions on new highways, fancy guidance systems embedded in the ground, or sophisticated electronics in each truck. Carrying entire trucks aboard trains is widely done in Europe by Hupac, RAlpin, Ökombi, and others, but has not been tried in the U.S. It's time for the Land Ferry concept here.

Both the Steel Interstate and Land Ferry have emerged as cornerstones of our advocacy. Our efforts this year have focused on the I-80 Corridor between Oakland, CA and Salt Lake City, UT. Why there? Nevada DOT and the Transportation Research Center at University of Nevada Las Vegas performed a Phase I Land Ferry study that produced a 1.7 revenue/cost ratio. A more detailed Phase II feasibility analysis seems like a worthwhile goal and logical next step.

We have done business there as Steel Interstate Coalition, and our Development Director has spearheaded stakeholder outreach. He has made amazing progress securing support letters from the public and endorsement resolutions from counties and economic development agencies. Links to all this are on www.steelinterstate.org under the Projects tab. The included insert explains more. Key hurdles within the Nevada DOT and the Union Pacific Railroad remain, as well as Phase II financing.

Growth strategies must command urgent attention. Obstacles to railroad growth may seem formidable, but it's time to tackle them. Believers in the unrealized benefit potential of rail have to work hard and pull together to press our case and make it happen. Steel Interstate advocacy needs help, membership, and financial support. Many of you have been loyal participants for much of our 15 years. Our work will stop without your continued generosity.

Enclosed is a donation form and postpaid return envelope. We hope you will find the work we do merits your continued support. RAIL Solution is an independent 501(c)(3) tax-exempt organization and receives no corporate or government funding. We rely on our member participants in this once-a-year appeal. You keep us going!

If the return envelope has become lost, you can mail dues and donations to RAIL Solution Treasurer, 8131 Webster Drive, Roanoke, VA 24019, or you can use PayPal at either of our websites: www.railsolution.org or www.steelinterstate.org. Thank you!



David L. Foster

→ Annual Meeting Notice

RAIL Solution's annual meeting is tentatively slated for December 11, 2017 at 9 am EST. To save funds, the meeting will be held by teleconference. All participants are welcome and encouraged to join the call. We will receive the report of the nominating committee and elect officers. An important item of business will be analysis of obstacles and making pivotal decisions on the future of our work in the I-80 Corridor. If you wish to participate, please e-mail us at railsolution@aol.com for details.

→ Full-time Development Director

Starting last year, Robinson Foster, our West Coast director and no relation to our Executive Director (nepotism disclaimer!), has been working full-time as Development Director. In our 15 years of operation, this is our first experiment with engaging a person full-time. We were able to do this and other creative new things because of a generous bequest made by the late Richard Rusk, a retired Virginia Tech physics professor, who believed strongly in the environmental benefits of rail transportation.

It's been an exciting year watching Robinson work. His effective outreach has established and strengthened our ties to many groups and individuals. Not only has this built momentum for the Phase II scope of work in Nevada, but it has also opened new fundraising opportunities for us so we may not have to rely so exclusively on our loyal members.

Like a rat in a maze, doggedly in pursuit of the cheese, Robinson has recalculated and replanned his approach numerous times as he encountered unexpected obstacles. The support letters and endorsement resolutions he has secured are a testament to his energy and persistence. Links to these are on www.steelinterstate.org under Projects.

→ One of Life's Persistent Mysteries

Many of you have been with us long enough to recall our 5-year campaign from 2003-2007 in Virginia when we fought the massive widening of I-81 to include four truck-only lanes. At that time, 70% of the public submitting comments in VDOT hearings stated a preference for rail. New freight capacity could be added to the parallel Norfolk Southern mainline less expensively and with far less environmental impact and disruption than the \$13 billion highway reconstruction.

Eventually, in concert with resolutions of support from over 50 local governments, and other grassroots groups, we won that battle. Even though we had done all the tedious fieldwork to sell a rail alternative, NS never did embrace our work. In fact NS quite frequently interfered. For example, the graphic on page 1 comes from an original lithograph by rail artist Craig Thorpe. Initially it had an NS logo on the locomotive, appropriate to the bucolic Virginia countryside. NS required us to remove it and not mention NS in any of our work. Thorpe retouched the painting with a Steel Interstate logo. We use it to this day to illustrate shared use of Steel Interstate rail infrastructure by passenger trains and intermodal freight.

Eerily similar has been Union Pacific's response in the West. UP e-mailed us asking that we stop talking to anyone, active or retired, at UP, or any DOT employees in NV, CA, or UT, or any legislators in pursuit of this project. Such overreach smacks of a defensiveness that is hard to comprehend.

If volunteers are doing the grassroots outreach to build support for a project that could be transformative and grow your business, why try to shut them down? American railroads seem so wedded to the *status quo* that any proposal involving change, even if it could mean substantial growth, pushes them from their comfort zone. This will need to change if the industry and all its potential benefits to society are to be salvaged.

→ As Much Freight as Possible Should Move by Rail

Compelling energy, economic, and environmental advantages derive from movement of freight by rail, especially over mid- to long-distances. Over three times the energy is required to move comparable freight over the road by truck. That means three times the oil consumption and three times the pollution and greenhouse gases contributing to climate change. Railroad electrification can double that rail advantage over trucking.

Rail is the preferred method of adding new freight capacity, especially where new highway capacity would be economically prohibitive and environmentally devastating. Doubling Interstate Highway capacity can mean four new lanes, and a real estate requirement equal to a football field in length along the entire route. An additional track can be added to a railroad in a space of 15 to 20 feet, frequently using the existing right-of-way, and increasing throughput about sevenfold.

It follows then that enhanced rail capacity is at the core of RAIL Solution's advocacy work. The nation would benefit from having many more trucks move on trains, but this requires that railroads be able to offer highway-competitive speed, reliability, and cost. However, the rail industry capacity is constrained from decades of downsizing, and each recession triggers more disinvestment, so little capability exists today to divert more trucks to rail or operate a Land Ferry.

For the rail mode to achieve its full societal benefit, it follows that a lot of new capacity will be needed for movement of people and goods. So a key piece of our advocacy is the Steel Interstate, a core national network of high-capacity, grade-separated, electrified railroad mainlines.

→ Communicating our Message

Looking ahead to 2018, we are striving to publish more. Already drafted is a feature magazine article. We also plan to partner with others in presenting a Steel Interstate symposium. These overtures could help broaden our reach, secure additional membership, and build support for the Steel Interstate. We also hope to conduct a Congressional briefing to inform that branch of government why an infrastructure bill should include Steel Interstate and Land Ferry research funding.