

STEPTOE & JOHNSON LLP

ATTORNEYS AT LAW

1330 Connecticut Avenue, NW
Washington, DC 20036-1795

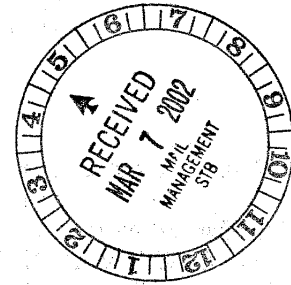
Telephone 202.429.3000
Facsimile 202.429.3902
www.steptoelaw.com

DAVID H. COBURN
(202) 429-8063
dcoburn@steptoelaw.com

March 7, 2002

204913

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W., Room 711
Washington, DC 20423-0001



**Re: Finance Docket No. 34040 – Riverview Trenton Railroad Company –
Petition for an Exemption from 49 U.S.C. 10901 to Acquire and
Operate a Rail Line in Wayne County, MI**

Dear Secretary Williams:

Enclosed for filing please find an original and 10 copies of the Response of Riverview Trenton Railroad Company to February 15 Request to Supplement Record. Also enclosed for filing, under seal, pursuant to the Board's rules at 49 C.F.R. section 1104.14, the original and ten copies of Highly Confidential Exhibit No. 1 to the Verified Statement of Mr. Arnold M. Mistura. The original and 10 copies of a Motion for Protective Order concerning this Highly Confidential Exhibit are also enclosed.

RTRR has made these submissions in conformity with the Board's new rules governing the filing of documents, notwithstanding that those rules do not technically become effective until March 8, 2002. Accordingly, the originals of the Response and Motion are submitted reflecting consecutive numeration of the pages. Three disks containing electronic versions of these documents in WordPerfect format are also submitted herewith.

Sincerely,

David H. Coburn
Attorney for Riverview Trenton Railroad
Company

Enclosure

cc: All parties of record

001

WASHINGTON

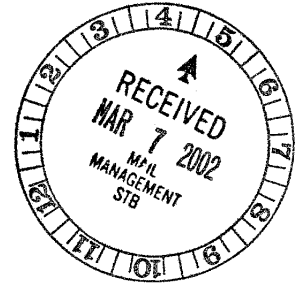
PHOENIX

LOS ANGELES

LONDON

204913

BEFORE THE
SURFACE TRANSPORTATION BOARD



Finance Docket No. 34040

**RIVERVIEW TRENTON RAILROAD COMPANY – PETITION FOR AN EXEMPTION
FROM 49 U.S.C. 10901 TO ACQUIRE AND OPERATE A RAIL LINE IN WAYNE
COUNTY, MI**

**RESPONSE OF RIVERVIEW TRENTON RAILROAD COMPANY TO
FEBRUARY 15 REQUEST TO SUPPLEMENT RECORD**

J. William Koegel, Jr.
David H. Coburn
Carolyn D. Clayton
STEPTOE & JOHNSON LLP
1330 Connecticut Avenue, N.W.
Washington, DC 20036
(202) 429-3000

March 7, 2002

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 34040

**RIVERVIEW TRENTON RAILROAD COMPANY – PETITION FOR AN EXEMPTION
FROM 49 U.S.C. 10901 TO ACQUIRE AND OPERATE A RAIL LINE IN WAYNE
COUNTY, MI**

**RESPONSE OF RIVERVIEW TRENTON RAILROAD COMPANY TO
FEBRUARY 15 REQUEST TO SUPPLEMENT RECORD**

Riverview Trenton Railroad Company ("RTRR") hereby responds to the request set forth at page 10 of the Board's February 15, 2002 decision in this proceeding that RTRR supplement the record with certain information. The Board has asked RTRR to provide supplemental evidence supporting the benefits that it has cited. Specifically, the Board has requested evidence from those who would benefit from its service that its shortline operations and container interchange service are needed by the public, will promote commerce and will reduce the number of trucks on highways in the Detroit area.

RTRR has previously provided evidence in this proceeding and in the Docket No. 33980 proceeding concerning its efforts to develop a railroad and related intermodal facility in the Riverview/Trenton area of Michigan, south of Detroit. It has proceeded deliberately throughout that process, developing its strategic business plan (which is described in some detail in the attached verified statements), locating the most appropriate site for its planned operations and seeking appropriate Board authorization. Well after RTRR had announced its planned rail operations, Wayne County and others objected to the RTRR project, and have sought to prevent

RTRR from moving forward by perpetuating a convenient political posture of "not in my backyard" and opposing RTRR at every step.¹ RTRR trusts that the supplemental evidence offered here about the need for, and public benefits, of its railroad will put to rest any doubt that the RTRR project should proceed in the interest of sound transportation policy, notwithstanding the parochial opposition of those who simply would rather not have a railroad in the area.

RTRR's response to the Board's requests for additional information is set forth in a series of attached verified statements. These statements, and over 45 shipper support letters that are also submitted, illustrate that support for the RTRR project is broad and deep.² That support comes from major automobile manufacturers and other automobile industry participants and from expert witnesses who have long held significant logistics positions with major automobile manufacturers and thus who are well-positioned to judge the benefits of RTRR for that group of shippers. Support also comes from other major and smaller shippers in the Detroit area; from rail planning experts; from a transportation economist who has determined that there is a significant amount of freight now moving over all-highway routings that could be potentially exploited; from trucking firms; and from some of the largest ocean carrier interests in the nation, who would utilize the RTRR facility for their intermodal truck/rail freight. Each of these and

¹ As the Board is aware, Wayne County has been preliminarily enjoined by the U.S. District Court for the Eastern District of Michigan from pursuing an eminent domain action against RTRR. *Riverview Trenton Railroad Company v. County of Wayne*, Case. No. 01-70078 (E.D. MI.) In light of the further proceedings specified in the Board's February 15 decision, the Court determined at a February 25, 2002 status conference to leave its preliminary injunction in place at this time.

² RTRR is submitting under seal the numerous shipper statements that it has obtained. RTRR has simultaneously submitted to the Board a motion for protective order, explaining that public disclosure of the names of those shippers and others that intend to use its facility could result in competitive injury to RTRR and unnecessarily subject these shippers to the politically charged atmosphere of this proceeding.

other supporters of RTRR focuses on the substantial transportation benefits offered by a shortline railroad that will provide a full range of logistics services and that will offer to its customers the benefits of advantageous arrangements to be forged with national railroads and trucking firms with which it will interchange freight. The statements show beyond any question that those persons and entities in the best position to assess the relevant transportation needs have made the judgment that RTRR will in fact offer a significant and beneficial transportation service.

The witnesses offering testimony for RTRR are: Arnold M. Mistura (RTRR President); Richard Urban (former DaimlerChrysler logistics official); James E. Zamjahn (recently retired General Motors logistics executive); Richard Schiefelbein (rail consultant and former FRA and ICC rail planning official); Dr. Irwin Silberman (transportation economist); David Wilson (rail consultant and former Detroit-based official with GTW, Norfolk Southern and Conrail); John MacGregor (principal of a rail terminal planning firm) and Richard A.J. Duffield (a principal with a rail engineering firm). In addition, statements of support for RTRR from those who would benefit from its service are attached as Exhibits 1 and 2 to the Verified Statement of Mr. Mistura. As noted above, these statements show broad support from, among others, major automotive interests, large and smaller shippers, logistics and trucking companies, and major ocean carriers with substantial needs for rail/truck intermodal services.

The attached submission leaves no doubt that the RTRR facility will serve a public need, serve the interests of interstate commerce and encourage a shift of traffic from all-highway routings to intermodal transportation, thereby relieving congestion on long-haul routes in the Detroit area and beyond. The evidence shows that:

- RTRR will forge logistics and commercial arrangements with truckers and the major railroads serving the Detroit area that will benefit shippers, including

major automotive industry shippers, seeking to transport goods in settings in which intermodal transportation will offer a distinct benefit to all parties to the transaction (Mistura, Urban, Zamjahn; Schiefelbein);

- By building trains and operating a shortline that will interchange traffic with other railroads, RTRR will provide a significant value-added service to its customers and to the railroads with which it will interchange freight (Mistura, Urban, Schiefelbein, Wilson);
- Substantial shippers in the Detroit area support the RTRR project because they believe that RTRR will be able to offer them attractive intermodal transportation arrangements alternative to all-highway routings (Mistura, Exhibits 1 and 2);
- Trucking and drayage firms in the Detroit area support RTRR's efforts and believe that RTRR will enhance their opportunities and reduce their costs (Mistura, Exhibit 1);
- There is a demand for RTRR's services in the automotive sector and a significant amount of all-highway traffic that could be attracted to RTRR's intermodal operations (Urban, Zamjahn, Silberman);
- RTRR will build upon existing examples of independently operated shortlines and intermodal facilities offering a variety of value-added logistics and other services to the parties that use such facilities (Schiefelbein, Wilson);
- RTRR will promote a variety of indirect benefits for the Detroit area, including reduced highway usage (Mistura, Silberman);

- RTRR provides a privately-funded alternative to meet area transportation needs (Mistura)
- RTRR offers shippers the advantages of connections with more than one railroad at a site that is particularly well suited to serve intermodal traffic from the perspective of location and existing physical assets (MacGregor, Urban, Wilson, Duffield).

RTRR submits that the evidence it has provided here can leave no legitimate doubt that its operations will further the Rail Transportation Policy goals of an "efficient rail transportation system," "effective competition among rail carriers and with other modes," "sound economic conditions in transportation" and "effective competition and coordination between rail carriers and other modes."³ The evidence of record also demonstrates that the RTRR line is of limited scope and that regulation here is not needed to protect shippers from an abuse of market power, thus satisfying both legs of the alternative tests for issuance of an exemption under 49 U.S.C. § 10502(a). The supplemental evidence, and prior submissions of RTRR, also underscore that RTRR's operations will consist of common carrier services that fall within the scope of this Board's exclusive jurisdiction.

RTRR thus satisfies the criteria for an exemption from Board jurisdiction. Beyond that core point, its concept is designed to meet a public demand for certain transportation services in an innovative and efficient manner, and without public funding. Moreover, the Board's Section of Environmental Analysis has completed its review of the project and, subject to certain mitigation recommendations, found no significant adverse environmental impacts arising from

³ See 49 U.S.C. § 10101(3), (4) and (5).

the project. In these circumstances, it is hard to imagine a more deserving candidate for favorable and prompt action by the Board.

Unfortunately, RTRR's detractors have chosen to divert attention from the transportation benefits that would be offered by RTRR, and instead have focused on a variety of attacks designed to discredit RTRR. RTRR's responses to these attacks are a matter of record in this proceeding and will not be repeated here. Suffice it to say that none of the contentions about RTRR's motives or intentions can stand in the face of its clear transportation plan and its satisfaction of the criteria for exemption.

Finally, RTRR looks forward to an opportunity to review the submission of Wayne County in response to the Board's request for supplemental evidence on its eminent domain action. As RTRR has stated previously, it believes that the County's eminent domain efforts have been manufactured around its goal to prevent RTRR from operating its railroad, a goal that is directly at odds with this Board's well-settled exclusive jurisdiction under 49 U.S.C. § 10502(b) over railroads and rail facilities and with the Rail Transportation Policy that the Board is charged with implementing.

CONCLUSION

For all of the reasons set forth in the record of this proceeding, the Board should move forward at the earliest possible time to grant RTRR's Petition for Exemption so that shippers can begin to benefit from its rail service.

Respectfully Submitted,



J. William Koegel, Jr.
David H. Coburn
Carolyn D. Clayton
STEPTOE & JOHNSON LLP
1330 Connecticut Avenue, N.W.
Washington, DC 20036
(202) 429-3000

March 7, 2002

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 34040

**RIVERVIEW TRENTON RAILROAD COMPANY --
PETITION FOR AN EXEMPTION FROM 49 U.S.C. § 10901
TO ACQUIRE AND OPERATE A RAIL LINE
IN WAYNE COUNTY, MICHIGAN**

VERIFIED STATEMENT OF ARNOLD M. MISTURA

My name is Arnold M. Mistura. I am President of the Riverview Trenton Railroad Company (RTRR), a position that I have held since its inception on November 1, 2000. I am concurrently president of Crown Enterprises, Inc., a position I have held since May 1994. My business address is 18251 Jefferson Ave., Riverview, MI 48192. I submit this verified statement in response to the decision served February 15, 2002 in this proceeding.

I. Introduction

In its February 15 decision, the Board asked RTRR to submit supplemental evidence concerning RTRR's claim that its shortline and related intermodal yard (a) are needed by shippers and the public, (b) will promote commerce and (c) will reduce the number of trucks operating on highways in the Detroit area. RTRR was asked to support these arguments with evidence from those who would benefit from RTRR's operations. I will address each of these issues in this statement, and other witnesses whose testimony is submitted with mine will also address these points. Letters of support from some

prospective users and beneficiaries of the RTRR line and intermodal terminal are attached as Highly Confidential Exhibit 1 to my verified statement. These numerous support letters have been obtained notwithstanding that RTRR has not to date embarked on any broad-based marketing campaign and notwithstanding that local government officials have spawned and encouraged resistance to the RTRR project. The support letters, offered by over forty-five major area automotive and other shippers, trucking interests, logistics companies and ocean carrier firms that would utilize the rail/truck interchange services that RTRR will provide, unequivocally show that there is a public need for RTRR's operations and broad support within the relevant community of prospective RTRR customers. For reasons stated in the accompanying motion for protective order, these support letters set forth in Highly Confidential Exhibit 1 are submitted under seal. Exhibit 2 consists of an additional letter of support, previously submitted as part of the record in this proceeding by Detroit Steel Company, over whose property the RTRR line would operate in part.

In addition to the submissions by direct beneficiaries of the RTRR project that are attached as Exhibits 1 and 2 to my verified statement, statements in support of RTRR and in further response to the three points on which the Board has requested supplemental evidence are also being submitted by other witnesses. Specifically, these other witnesses are:

- Richard Urban, 35 year veteran of logistics management for DaimlerChrysler and strategic planning consultant to RTRR, whose testimony addresses the benefits of the value-added RTRR line and terminal for automotive companies and other area shippers that could take advantage of new intermodal

transportation opportunities that will efficiently marry the key advantages of highway and rail transport in a single logistics package;

- Richard Schiefelbein, a former ICC and FRA official and current principal of Woodharbor Associates, a railroad consulting firm, whose testimony describes the benefits of an independent intermodal terminal and shortline and a successful precedent (at the Port of Houston) for a third party rail operation such as RTRR would provide;
- James E. Zamjahn, a recently retired General Motors executive responsible for logistics and other matters, who explains that an operation such as RTRR offers the major railroads an opportunity to recapture traffic lost to truckers over the years.
- David Wilson, formerly a Vice President of Operations with Grand Trunk Western and currently a rail consultant, whose testimony describes the operational and marketing advantages of an independent shortline and terminal, as well as the special advantages of the RTRR site;
- Irwin Silberman, a transportation economist, who describes substantial market opportunities available to RTRR and the economic benefits that could flow from the RTRR operation;
- John MacGregor, the principal of Transdevelopment Corporation, a rail facility planning firm, whose testimony describes why the RTRR site meets the major criteria for a successful rail facility; and

- Richard Duffield, of the rail engineering firm CTE, who will testify about the advantages of the proposed design of the RTRR terminal and its strategic location.

II. Core Elements and Advantages of the RTRR Business Plan

In recent years, the intermodal transportation by rail and other modes of containerized freight has increasingly been facilitated in the United States by shortlines and terminals that are not operated by a single Class I railroad. Mr. Schiefelbein discusses, for example, the intermodal yard operated by the Port of Houston, explaining that an independent terminal has proven to be an effective and efficient means of interchanging freight between modes. He also describes how RTRR could provide a single, and neutral, point of accountability for shippers seeking to utilize intermodal services. The RTRR is modeled on these concepts of neutrality, independence and flexibility in terms of its dealings with shippers, trucking firms and railroads. As witness Urban describes, RTRR will be positioned to design the most appropriate logistics package for each shipper, taking advantage of the expertise and experience offered by its sister transportation companies. Witness Wilson discusses how, in operating its own shortline, RTRR will build upon the types of value-added services offered today to railroads by third parties. And witness Silberman discusses the core economic benefits to parties that will flow from an RTRR-type operation.

RTRR will build trains composed of outbound containers offloaded from trucks, and transport those trains along its shortline, interchanging the cars with the Class I railroads under rate and service arrangements to be negotiated. Arrangements would also be made for the major railroads to deliver inbound containers to RTRR, which would

then transport that freight to its intermodal yard for transfer to truck. As the Board is aware from previous testimony, RTRR's line connects with the lines of the Conrail Shared Assets Operator (and thus with CSX and NS), as well as with Grand Trunk Western. RTRR contemplates that it will enter arrangements with these railroads, and possibly with Western railroads as well. Witnesses Wilson and MacGregor discuss the unique benefits of the RTRR line and site in terms of rail access and the ability to exploit an existing rail infrastructure in order to build and transport trains, and interchange with trucks. Witness Duffield addresses the advantages of the RTRR site from an engineering perspective.

RTRR's business plan does not contemplate that it will compete with the Class I railroads for intermodal traffic that they already handle, but rather that RTRR will develop a package of transportation and related services that will attract new freight now moving via all-highway routings to intermodal routings under attractive arrangements that would be negotiated with the major railroads and with trucking firms. RTRR anticipates that it will be able to negotiate such arrangements by virtue of its ability to consolidate and tender large volumes of containers to the major railroads, saving them the burden of interchange costs. Its goal is to offer the most efficient interchange of freight possible, so that shippers can benefit from the natural advantages of both trucking and rail. RTRR anticipates that in some cases shippers will deal exclusively with RTRR, which will then transport freight under a single bill of lading pursuant to arrangements to be made with railroads and trucking companies. RTRR will hold its rail services out to all shippers, operating like any other common carrier.

Unlike most other shortline rail lines, RTRR's line is not sited adjacent to one or a relatively small number of shipper facilities located on the line. Rather, RTRR will attract freight from the surrounding area that will arrive by truck from a variety of area shippers, and then be loaded onto railcars. Conversely, inbound rail freight will also be handled at the RTRR facility, where it will off-loaded from railcars and shipped to its final destination by truck. In marketing its services, RTRR will benefit from other members of the CenTra, Inc. family of transportation companies, including not only CenTra-owned trucking companies, but also Michigan-based Logistics Insight Corporation (LINC), CenTra's logistics unit. LINC specializes in finding the best transportation solutions and other value add services for shippers, particularly automobile industry shippers. LINC already has in place extensive logistics arrangements, including arrangements for intermodal transport of freight, with each of the major U.S. automobile manufacturers, as well as with major automotive suppliers. Although its work for RTRR will represent only a small fraction of its overall logistics operation, LINC will provide marketing services for RTRR, identifying that automotive industry and other freight which could benefit most substantially from RTRR's shortline and intermodal services. In this connection, officials of RTRR and LINC have been, and continue to be, engaged in commercially-sensitive discussions with major automotive manufacturers about the benefits of the RTRR facility. RTRR anticipates that these discussions will lead to arrangements under which a substantial volume of inbound and outbound containerized freight will be handled by RTRR for these major entities, including manufacturers additional to those that are reflected in Exhibit 1.

III. There is a Demonstrated Need for RTRR

Turning to the specific questions posed by the Board's February 15 decision, RTRR's business plan is predicated on the increasing importance and value of intermodal transportation in meeting shipper needs. The value of combined motor/rail transportation for shippers seeking to benefit from the advantages of each mode are well known, and are embodied in the Rail Transportation Policy, which encourages the Board to, "ensure effective competition and coordination between rail carriers and other modes."

The need for additional intermodal capacity in the Detroit area is well documented. A series of reports prepared for the Michigan Department of Transportation over the last several years have addressed the importance of expanding intermodal capacity of the Detroit area for continued economic development of the area and for the improvement of freight transportation options. I have attached as Exhibit 3 an excerpt from a 1994 report prepared by Mercer Management Consulting for the Michigan Department of Transportation which discusses in some detail the need for expanded intermodal capacity in the Detroit area and analyzes what would happen in the greater Detroit area were intermodal capacity not expanded. The report addresses the projected growth of rail intermodal traffic in the area, the lack of adequate capacity in the existing infrastructure to effectively handle that growth, and the prospect for service delays and congestion.

Since the Mercer report was prepared in 1994, I understand that overall intermodal capacity in the Detroit area has not changed dramatically, and the need for yard capacity for intermodal interchange has not abated. Accordingly, Michigan DOT, working with other interested parties, including GTW and other Class I railroads, has

developed a plan for the so-called Detroit Intermodal Freight Terminal or DIFT as one means for addressing the need for enhanced intermodal capacity. I have attached as Exhibit 4 an excerpt from a July 2001 technical feasibility study of the DIFT prepared for Michigan DOT by the Corradino Group of Michigan, Inc. This excerpt, which discusses the project's purpose, describes the continuing need for intermodal capacity in the Detroit area and addresses the benefits that will flow from expanded capacity.

The DIFT would be located in Southeast Detroit and would serve several railroads. The DIFT, however, has not been built despite many years of study. Further, public monies would be needed to support the project. At this point, the project is in the initial phases of what is likely to be a lengthy environmental review process and thus it is likely to be at least several more years before the DIFT would become operational.

It also bears note that in its July 23, 2001 letter to RTRR's environmental contractor, which is attached as part of Appendix F to the Draft Environmental Assessment issued by the Board's Section of Environmental Analysis (SEA), the Michigan DOT, a prime sponsor of the DIFT, states that it is "neither supporting nor opposing" the RTRR project, which would also add specific additional intermodal capacity in the Detroit area. There is in fact no inconsistency between a public project such as the DIFT and a smaller, more narrowly focused, and privately funded project like that of RTRR. We are confident that the area can sustain and benefit from both as each promotes the goal of reducing highway traffic and accommodating additional intermodal transportation. This point is well-stated in the August 17, 2001 memorandum prepared by the transportation staff of the Southeast Michigan Council of Governments

(SEMCOG), which was submitted by SEMCOG to SEA and reprinted in Appendix F to the Draft EA:

Given the increasing demand for intermodal transport facilities in the Detroit region, RTRR has developed a specialized niche within the intermodal transportation industry to allow auto manufacturers to benefit from containerization of automobile component parts. RTRR will be able to develop a market of both in-bound and out-bound containerized freight. The action will help satisfy some of the regional demands for intermodal services and provide benefits of more efficient transport of cargo in a short [sic] of time.

We fully concur that that the RTRR shortline and intermodal terminal will fill an important and unmet niche in the area, attracting freight that would otherwise not enjoy the cost and other benefits of intermodal handling, but rather would move on all-highway routings. Witness Urban describes how the automotive industry could benefit from a well-managed intermodal logistics package that exploits the key advantages of each mode. Witness Silberman underscores this testimony by explaining that there is a significant volume of divertable long haul, all-highway freight originating in the Detroit area.

Further, and perhaps most tellingly, the statements of prospective RTRR customers submitted as Exhibit 1 illustrate the perceived benefits to these shippers of the RTRR line, and thus the need for the line. These statements of support make clear that manufacturers and transportation firms that manage logistics for shippers perceive that RTRR offers an opportunity for these businesses to reduce intermodal costs and enhance efficiencies. Exhibit 1 also includes statements of support from independent owner operators who provide contract trucking services for Mason and Dixon Lines (a subsidiary of CenTra and affiliate of RTRR), describing how the services of the proposed shortline and intermodal yard would benefit them.

IV. RTRR Will Promote Interstate Commerce

The Board has also requested additional evidence that RTRR will promote interstate commerce. RTRR will do so by facilitating the interchange of containers between truck and rail and the transportation of those containers between the Class 1 rail carriers that are proximate to the RTRR line and motor carriers that will operate to and from the RTRR intermodal terminal. As noted above, RTRR expects that it will attract a significant volume of intermodal traffic, including from area automotive manufactures and parts manufacturers, build trains for interchange with Class 1 railroads, negotiate appropriate interchange and rate arrangements with the Class 1 railroads, and transport these intermodal trains between the Class 1 railroads and its intermodal yard, facilitating the efficient movement of this traffic between modes. In this regard it will operate in much the same way as a port railroad operates when it transports containers between ocean carriers and near by Class 1 railroad facilities. In RTRR's case, however, the short line will serve as an intermediary between trucking companies and major national railroads.

As also noted above, RTRR will operate for all shippers of intermodal freight that choose to use its facility, and will not be a private line. RTRR is not affiliated with any manufacturing entity and will not transport only freight that belongs to affiliated companies. In fact, RTRR transportation affiliates are not manufacturers, but themselves common carriers or logistical firms. To reiterate, RTRR will hold itself out to transport freight for any shipper as a common carrier. By facilitating the efficient interchange of freight between railroads and motor carriers, and transporting that freight between the lines of major national railroads and a modern intermodal yard, RTRR will enhance the

efficient movement of freight in interstate commerce and, it believes, attract to intermodal transportation freight that might otherwise move along all-highway routings. The shipper statements set forth in Exhibit 1 underscore this point.

V. Operation of RTRR's Line Will Remove Trucks From Area Highways

The Board has also requested supplemental evidence with respect to RTRR's contention that the operation of its facility will result in a reduced number of trucks on area highways. RTRR believes its shortline and intermodal yard will promote the efficient transportation of intermodal freight and therefore attract freight that might otherwise move via all highway routings. It follows as a consequence that there will be fewer long-haul trucks on the highways if RTRR's plan is successfully implemented. Several of the Exhibit 1 statements underscore this point, as do the statements of other RTRR witnesses, including Richard Urban and Jim Zamjahn, both automotive industry logistics experts. While it is difficult to quantify this benefit of the RTRR project, RTRR believes that the volume of freight that could be diverted to intermodal transportation as a result of its development of an efficient intermodal yard and a short line railroad could well be significant. Further, not only will the level of long distance trucking be reduced, but local trucking as well should be reduced as a result of the RTRR project to the extent that trucks that might otherwise dray freight to the intermodal terminals of several railroads can instead transport that freight to a single terminal where the major railroads can each be accessed.

RTRR recognizes that although there will be a reduced number of long-haul, all-highway trips to the extent that it is able to attract freight to intermodal routings, and some reduction in the amount of freight drayage in the Detroit area, there will of course

also be an increased number of trucks operating the area immediately surrounding the RTRR line. That of course is the case with any intermodal yard, as well illustrated in the environmental and traffic diversion studies submitted to the Board and its predecessor in rail merger and consolidation proceedings of recent years. Here, the Board's Section of Environmental Analysis has studied local traffic impacts and determined in its Draft Environmental Assessment and its Post-EA that there will not be any significant adverse traffic or safety-related impact on routes connecting the RTRR site with the interstate highway network.

It should also be noted that many of RTRR's affiliates, including trucking companies, are transportation providers. While it is possible that some of these companies will sacrifice some long-haul transportation opportunities to intermodal transportation, we are confident that trucking companies and railroads benefit from the enhanced use of intermodal transportation services in which they are partners with one another. Further, the specific mode of meeting the customer's needs is inconsequential, relative to the cost-effectiveness and efficiency of the service provided.

VI. Conclusion

RTRR has undertaken some preliminary steps toward implementing its business plan. For example, as described in Mr. Duffield's statement, CTE has prepared a feasibility engineering review and layout for the RTRR shortline and intermodal terminal. However, RTRR is not prepared to make the very significant investment in track rehabilitation, yard development and rail motive and other equipment unless and until the Board grants its pending petition. RTRR is currently using the site for container storage and related activities, but hopes that the Board will act expeditiously so that it can move

forward with its rail project at the earliest possible time. Prompt action by the Board would allow RTRR to move forward toward implementing its goals before next winter, during which little rehabilitation work could be accomplished.

Finally, RTRR appreciates the Board's attention to the RTRR matter and trusts that any remaining questions about the public benefits of its proposed operations now have been addressed to the Board's satisfaction. Needless to say, RTRR has attracted more than its share of "not-in-my-backyard" local opposition. We believe that much of that opposition is based on misinformation about RTRR's intentions. A prime example of this was the circulation of a flyer in the Riverview and Trenton communities claiming that RTRR would serve as a transshipment point for garbage imported by barge from Canada, a claim that is utterly untrue and that demonstrates the extraordinary nature of the anti-RTRR campaign. See Exhibit 5. Some opposition is also rooted in the false perception that the historically-industrial area in which RTRR would operate is better suited (despite its ideal transportation location) to some other, non-transportation purpose. These views ignore the fact RTRR's site has in fact been used in the past to host the significant rail transportation associated with the operations of the former McLouth Steel plant. Consistent with this past use, RTRR plans to operate a relatively modest number of trains utilizing primarily a grade-separated crossing that will not disrupt area traffic or pose an undue safety hazard.

RTRR believes that, on the basis of the record in this proceeding, the Board should find that Rail Transportation Policy goals will unquestionably be advanced by the RTRR line and that an exemption should be granted at the earliest possible time.

VERIFICATION

I, Arnold M. Mistura, hereby declare under penalty of perjury that the foregoing statement is true and correct to the best of my knowledge. Further, I certify that I am qualified and authorized to file this verified statement.

Arnold M. Mistura

March 7, 2002

MISTURA EXHIBIT 1¹

¹ This Exhibit is submitted under seal.

MISTURA EXHIBIT 2

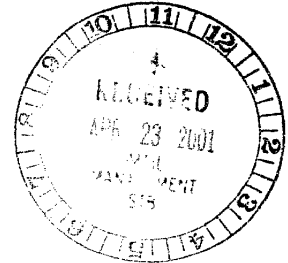
Detroit Steel Company

1491 West Jefferson Avenue
Trenton, Michigan 48183
Tel. 734 246 4009 Fax. 734 246 4040

April 16, 2001

Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423

Re: Riverview Trenton Railroad Company,
Finance Docket No. 33980



Dear Secretary Williams:

We are writing to you in support of allowing Riverview Trenton Railroad Company ("RTRR") to initiate rail operations. Our company, Detroit Steel Company ("DSC"), operates a steel mill facility adjacent to the property owned by RTRR. We are the entity that sold to Crown the property on which RTRR's operations would be located. We have also entered a June 2, 2000 Railroad Easement Agreement with Crown (or its successor, i.e., RTRR) to allow use of the rail tracks that traverse our property. These transactions were important to us because, when RTRR becomes operational, DSC and its subsidiary Detroit Cold Rolling Company of Gibraltar, Michigan will require additional rail service options.

DSC is presently served at its Trenton plant by Norfolk and Southern, CSXT and Canadian National. Today, trains operated by those carriers operate on tracks located on our property to receive and deliver freight. Currently, we tender approximately 15 to 20 carloads of freight per month, however, within six months, we expect to tender approximately 50 carloads of freight per week. Hopefully, RTRR using its economies of scale can efficiently and economically assemble and arrange for movement of this freight. It is also important to note that none of this rail traffic will cause a safety concern with street traffic (cars, trucks, ambulances, etc.) as access to our site is via a grade separating bridge at the south end of our property (see attached photographs). This line is covered by the easement discussed above.

Again, we believe that obtaining rail service from RTRR would provide opportunities for greater efficiencies and additional rail pricing options which are not currently available. For these reasons, we strongly support RTRR's plan to establish a shortline railroad and intermodal container transfer facility. Indeed we would consider using the RTRR rail service as soon as it is available and, in fact, have already held discussions with them concerning this exciting opportunity.

We urge the Board to allow RTRR to pursue its rail development plans by permitting it to have the necessary authorization.

Respectfully,

A handwritten signature in cursive script that reads "Matthew Wilkinson".

Matthew Wilkinson
Vice President

MISTURA EXHIBIT 3

mgm

MERCER
Management Consulting

Greater Detroit Area Intermodal Study
Phase II – Intermodal Transportation Center Concept

August 1994

Prepared for:
Bureau of Transportation Planning
Michigan Department of Transportation
425 West Ottawa
Lansing, MI 48909

James L. Roach, Project Manager
Larry B. Karnes, Assistant Project Manager

300444

Greater Detroit Area Intermodal Study
Phase II – Intermodal Transportation Center Concept

August 1994

Prepared for:
Bureau of Transportation Planning
Michigan Department of Transportation
425 West Ottawa
Lansing, MI 48909

Prepared by:
Mercer Management Consulting, Inc.
33 Hayden Avenue
Lexington, MA 02173-7993
(617) 861-7580

This report represents the findings and/or professional opinions of the consultant and is not an official opinion of The Michigan Department of Transportation or The Michigan Transportation Commission.

Patrick M. Nowak, Director
Michigan Department of Transportation

Michigan Transportation Commission
Barton W. Labelle, Chairperson
Richard T. White, Vice Chairperson

Robert M. Andrews
Jack L. Gingrass
John C. Kennedy
Irving J. Rubin

Contents

Executive Summary

I. Introduction

II. What Are the Potential Benefits and Costs of an Intermodal Transportation Center?

III. Which Sites Are Available and Attractive?

IV. How Can an Intermodal Transportation Center Be Developed?

V. Conclusions and Recommendations

Appendixes

Appendix A: Private Sector Benefits Analysis

Appendix B: Public Sector Benefits Analysis

Appendix C: Return on Investment Analysis

Appendix D: "Industrial Condominium Association" Value and Structure

Appendix E: Review of Multi-User and Nonrailroad Funded Intermodal Terminals – Funding & Operational Options



Executive Summary

I. Introduction

II. What Are the Potential Benefits and Costs of an Intermodal Transportation Center?

III. Which Sites Are Available and Attractive?

IV. How Can an Intermodal Transportation Center Be Developed?

V. Conclusions and Recommendations

Appendixes

Appendix A: Private Sector Benefits Analysis

Appendix B: Public Sector Benefits Analysis

Appendix C: Return on Investment Analysis

Appendix D: "Industrial Condominium Association" Value and Structure

Appendix E: Review of Multi-User and Nonrailroad Funded Intermodal Terminals – Funding & Operational Options

Executive Summary

Introduction (Chapter I)

Background

- This study was initiated by the Michigan Department of Transportation (MDOT) in 1993 in response to a legislative request to examine freight intermodal terminal needs in the Detroit area and to consider whether the Michigan Central Depot could play a role in meeting those needs.
- The study was conducted by Mercer Management Consulting, Inc., and focused on intermodal terminals that interchange trailer and container cargo between railroads and trucks.
- The Greater Detroit Area (GDA) is defined as Wayne, Oakland, and Macomb Counties.

Detroit Intermodal Situation

- Detroit is one of the top ten intermodal markets in the United States. Demand for intermodal transportation will more than double over the next 20 years.
- There are seven existing intermodal terminals used by nine railroads or train operators. Most are operating at capacity.
- Lack of GDA terminal capacity will inhibit intermodal traffic growth, increasing freight transportation costs for Detroit area manufacturers and consumers.

- Adding more terminals to serve individual railroad needs will increase fragmentation and reduce attractiveness for shippers and intermodal operators.
- The Michigan Central Depot (25-30 acres) and the Michigan State Fairgrounds (65 acres) sites do not meet regional intermodal growth needs and may have better land use options.
- The development of a large consolidated intermodal terminal (an "Intermodal Transportation Center") appears to offer several advantages. Many of the railroads and the Big 3 automakers support this concept. Several possible sites are available.

What Are the Benefits and Costs? (Chapter II)

- The Intermodal Transportation Center would require a large investment (\$92mm), but would generate a substantial return on investment based on expected public and private benefits. The ITC concept is more capital efficient than independent actions by individual carriers.
 - Shippers would benefit from increased competition and transportation service.
 - Carriers would improve productivity and reduce costs, particularly from greater drayage, equipment, and terminal efficiencies.
 - The public will benefit from reduced highway congestion, pollution, and opportunities for economic development.
 - GDA could become a more attractive location for investment in manufacturing and distribution activities.
- The ITC concept appears to be a "robust" project – returns are attractive within a wide range of assumptions about volume, private sector benefits, and discount rates.

Which Sites Are Available and Attractive? (Chapter III)

- Junction Yard/Cadillac-Clark Street is the best site for the Intermodal Transportation Center, providing excellent capacity for growth, rail and highway access, and overall location.

How Can an Intermodal Transportation Center Be Developed? (Chapter IV)

- An "Industrial Condominium" arrangement is more attractive than a "Common User" facility. An "Industrial Condominium" would give individual carriers the autonomy and control they desire while still offering the cost and productivity savings of a consolidated facility.
- An Organizing Entity would establish the Intermodal Transportation Center's financial and legal arrangements.
- An "Industrial Condominium" association would provide common services and ensure equity.

Recommended Next Steps (Chapter V)

- To move the ITC concept forward, the following steps should be taken:
 - Produce a working consensus amongst stakeholders.
 - Establish the Organizing Entity and Industrial Condominium Association
 - Secure the land required for the development.
 - Conduct a thorough environmental analysis of the property.
 - Develop site plans and engineering cost estimates.
- MDOT should continue to act as a catalyst to bring this project to fruition.



Executive Summary

I. Introduction

II. What Are the Potential Benefits and Costs of an Intermodal Transportation Center?

III. Which Sites Are Available and Attractive?

IV. How Can an Intermodal Transportation Center Be Developed?

V. Conclusions and Recommendations

Appendixes

Appendix A: Private Sector Benefits Analysis

Appendix B: Public Sector Benefits Analysis

Appendix C: Return on Investment Analysis

Appendix D: "Industrial Condominium Association" Value and Structure

Appendix E: Review of Multi-User and Nonrailroad Funded Intermodal Terminals – Funding & Operational Options

I. Introduction

This chapter addresses the following topics:

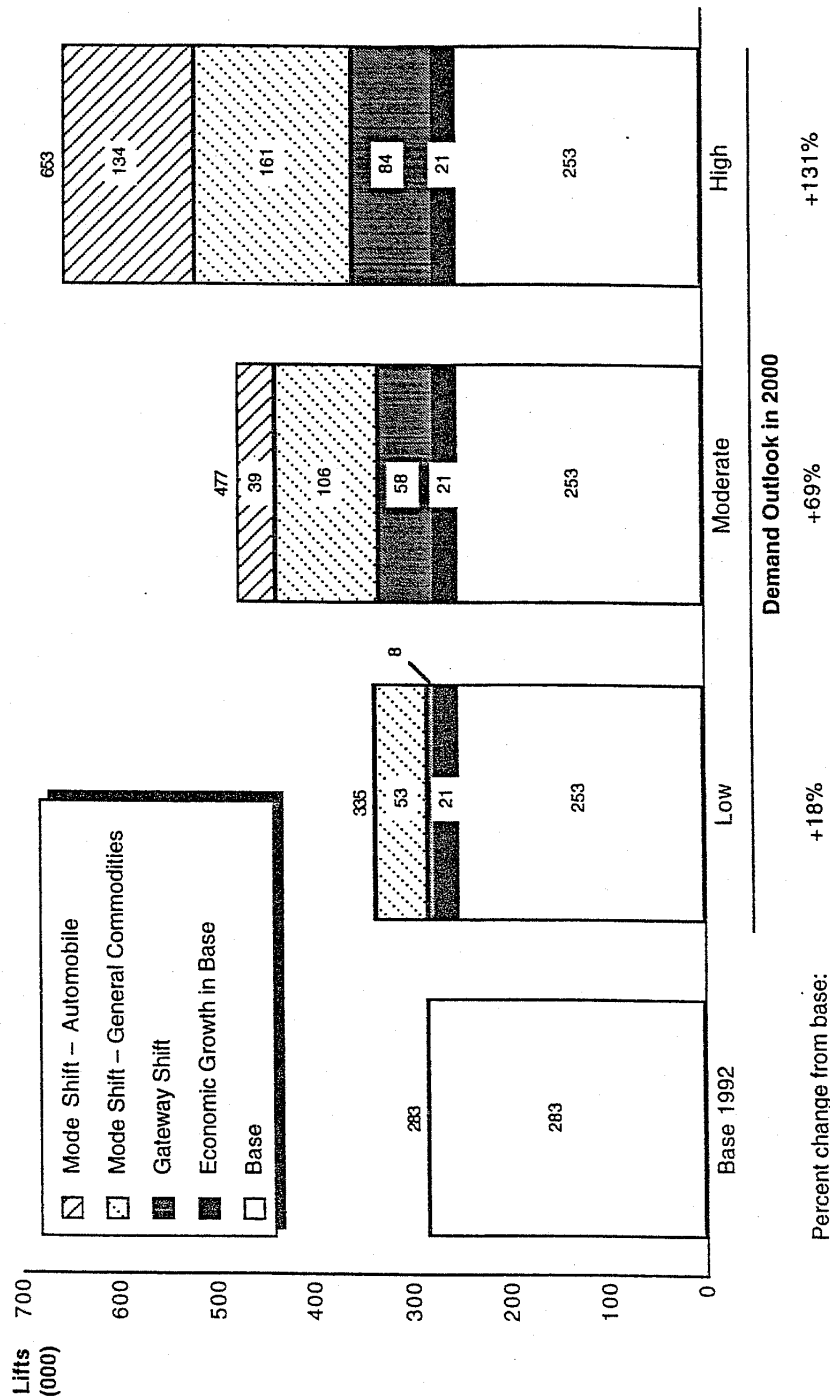
- Background: Phase I Study Findings and Conclusions
- Phase II Objectives and Work Plan

Background – Phase I Study Findings and Conclusions

- Michigan Department of Transportation (MDOT) called for an assessment of existing and planned intermodal (trailers or containers moving by rail) activities and facilities in the Greater Detroit Area (GDA), which includes Wayne, Oakland, and Macomb counties. Mercer Management Consulting conducted this Phase I assessment in the fall of 1993.
- Phase I concluded that the current supply of intermodal terminal services in the GDA is not sufficient to meet projected demand.
 - Overall, intermodal transportation services accounted for only 8 percent of Detroit's interstate and international freight shipments in 1992. A large portion (32 percent) of Detroit's intermodal traffic is "lifted" (transferred from rail to truck) in other cities (Chicago, Toledo, Cincinnati, and Windsor).
 - There is significant growth potential for GDA intermodal traffic, driven by gateway shifts, shifts from direct truck, and potential conversion of finished automobiles from multilevel rail cars to intermodal containers (see Exhibit I-1).
 - There are seven intermodal terminals in the GDA, controlled by seven different companies and served by nine railroads and train operators. The terminals handled nearly 300,000 lifts in 1992. Five terminals are over capacity or approaching capacity (see Exhibit I-2).
- Expansion of intermodal capacity will require additional terminals, which will further fragment GDA's terminal situation, or consolidation into fewer, larger terminals (see Exhibit I-3).
- An "Intermodal Transportation Center" (one consolidated intermodal facility, or complex of adjacent facilities) was identified as a potentially attractive option to meet GDA's projected growth needs and terminal capacity shortfalls (see Exhibit I-4).

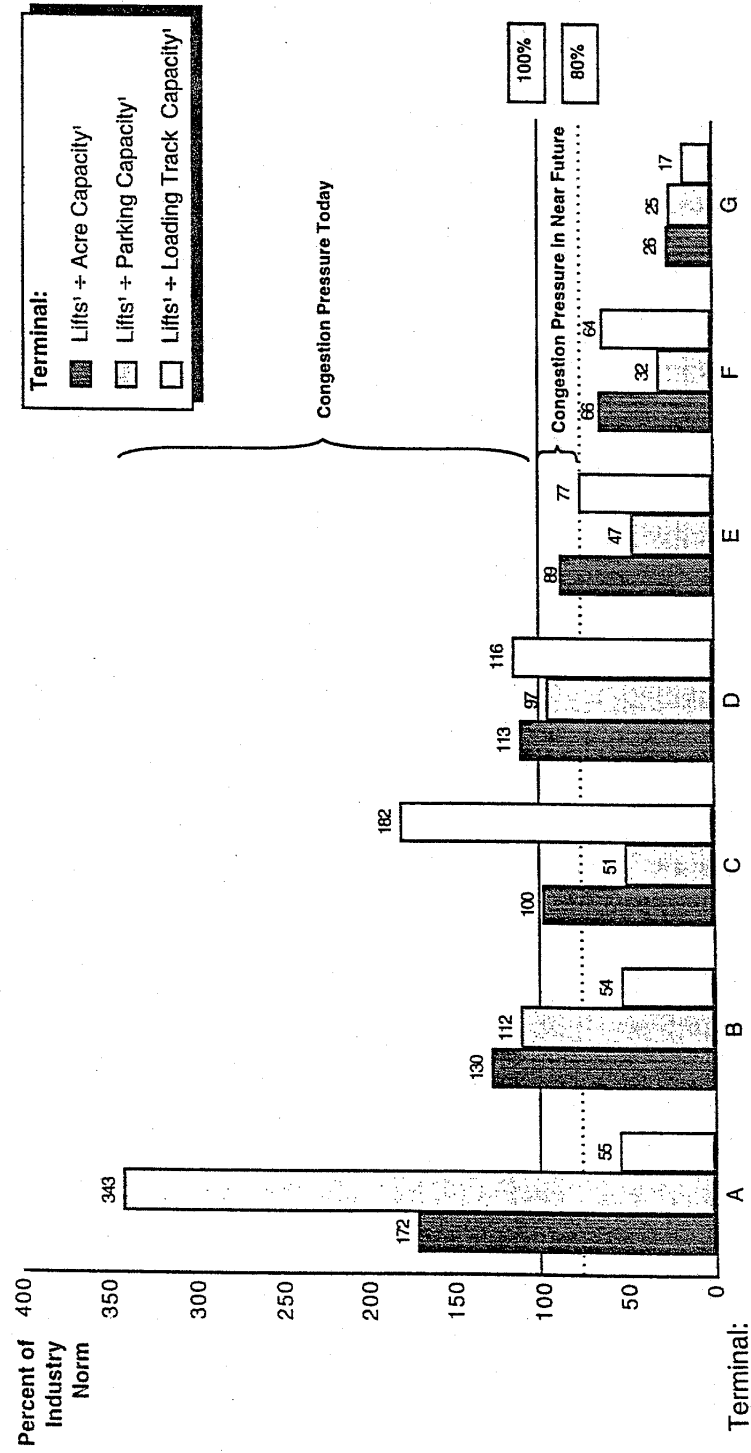
There is significant growth potential for GDA intermodal traffic.

Exhibit I-1
Demand Outlook for GDA Intermodal



Five of seven GDA intermodal terminals are over capacity or approaching capacity.

Exhibit I-2
1992 Terminal Volumes versus Industry Capacity Norms



040

Industry norms developed by Mercer to define intermodal terminal capacity parameters = 2,000 lifts/acre, 100 lifts/parking space, 1,500 lifts/100' of load track.

Report No. 100-101 Ex. 1/Transportation/Michigan DOT/MDT004A-02/Detroit Intermodal Phase II/Ch

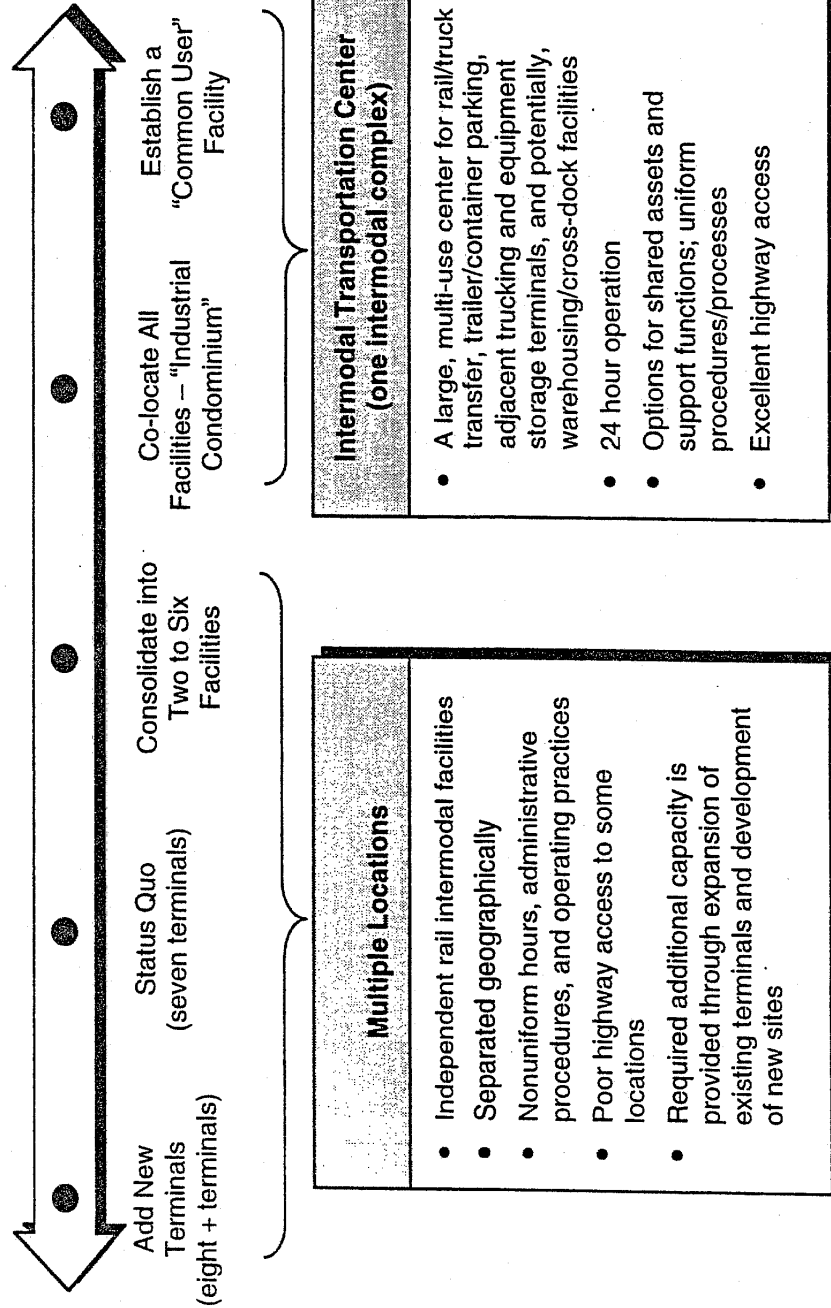
The increasing demand for intermodal services, the limited capacity of the existing terminal network, and variety of individual carrier's potential responses could lead to a *range* of possible outcomes.

Exhibit I-3
Future Options for GDA Intermodal Terminals

Number of Major Terminals	Possible Outcomes	Factors Influencing Outcome
8+	Add New Terminals Building new terminals while maintaining the existing network terminal structure	- Railroads, seeking growth and profit may invest in new "greenfield" terminals - Railroads could act in an independent manner (and have historically done so)
7	Status Quo Incremental expansion of the present facility network without the addition of new facilities	- Railroads, perceiving risk to substantial investments in the GDA elect to expand gradually - No major investments in new facilities are made
2-6	Consolidate Into Two to Six Facilities Traffic currently handled in several facilities would be consolidated into larger terminals	- Several carriers may see opportunities for economies of scale and flow consolidation - Other carriers may "withdraw" from the market or handle traffic via other gateways
1	Intermodal Transportation Center One intermodal facility with all carriers sharing services while retaining some autonomy (although some of the existing terminals would continue to be used in certain circumstances)	- Economies of scale - With the appropriate site, development costs could be minimized while supporting growth - A catalyst for facilitating this option, such as a public agency, would likely be required

In Phase I, a consolidated “Intermodal Transportation Center” appeared to be an attractive option to meet GDA’s growth needs and capacity shortfall.

Exhibit I-4
Options for GDA Intermodal Terminal Development



Phase II Objectives and Methodology

- In Phase II, MDOT asked Mercer to evaluate the concept of an Intermodal Transportation Center. The specific issues addressed in Phase II are outlined in Exhibit I-5.
- This report presents the findings, conclusions, and recommendations from Phase II.
 - Chapter II addresses the issue of potential benefits and costs of an Intermodal Transportation Center
 - Chapter III addresses the issue of potential sites
 - Chapter IV addresses the issue of institutional and financial development
 - Chapter V highlights conclusions and recommendations

In Phase II, Mercer was asked to evaluate the concept of an Intermodal Transportation Center for the GDA by addressing three key issues.

Exhibit I-5
Phase II Work Plan

Key Issues	Task Elements and Deliverables
What Are the Potential Benefits and Costs of an Intermodal Transportation Center?	• Survey stakeholders to develop list of benefits (carriers, shippers, and public constituents). • Collect traffic data, analyze flows and consolidation potential. • Evaluate the economic benefits/costs for an Intermodal Transportation Center from the perspectives of the public, state, city, shippers/manufacturers, and carriers.
Which Sites Are Available and Attractive?	• Review possible sites that meet screening criteria. • Develop conceptual plans. • Outline the relative advantages of each site.
How Can an Intermodal Transportation Center Be Developed?	• Identify institutional and financial options for developing and operating the Intermodal Transportation Center. • Identify alternative configurations for joint use including the evaluation of a "Industrial Condominium Association" concept. • Conduct stakeholder meetings to review/adjust the findings. • Develop a phasing/implementation plan.

044

Executive Summary

I. Introduction

II. What Are the Potential Benefits and Costs of an Intermodal Transportation Center?

III. Which Sites Are Available and Attractive?

IV. How Can an Intermodal Transportation Center Be Developed?

V. Conclusions and Recommendations

Appendixes

Appendix A: Private Sector Benefits Analysis

Appendix B: Public Sector Benefits Analysis

Appendix C: Return on Investment Analysis

Appendix D: "Industrial Condominium Association" Value and Structure

Appendix E: Review of Multi-User and Nonrailroad Funded Intermodal Terminals – Funding & Operational Options

II. What Are the Potential Benefits and Costs of an Intermodal Transportation Center?

This chapter addresses the following topics:

- Key issues for each major stakeholder
 - Shipper issues
 - Carrier issues
 - Public issues
- Cost/benefit analysis
 - Methodology
 - Demand assumptions
 - Capital cost assumptions
 - Private and public benefits assumptions
 - Financial analysis – NPV, IRR, and sensitivities
- Employment impact
- Conclusions

Key Issues

There are three types of stakeholders. Each has a different set of issues regarding the value of an Intermodal Transportation Center.

Exhibit II-1
Stakeholders' Key Issues

Stakeholders	Key Issues
Shippers	- More competitive options? - Better service/convenience? - Lower logistics costs?
Carriers	- Adequate terminal capacity? - Improved access? - Better service? - Lower operating costs? - More efficient use of capital? - Increased market share?
Public	- Reduced truck traffic? - Less congestion and air pollution? - Reduced highway accidents? - Reduced highway maintenance? - Consolidated access improvements? - More jobs? - Catalyst for economic development?

The shippers see potential benefits from increased competition, better service and lower costs.

Exhibit II-2
**Shipper Perceptions of the Value of an
Intermodal Transportation Center**

Shipper Issues	Benefits	Costs or Risks
Competitive Options	- Added terminal capacity, multi-railroad access, and recent tunnel/line-haul improvements will increase competition. - Improved productivity will allow 2nd and 3rd tier suppliers to the auto industry to increase intermodal usage. - More efficient cost structure could result in lower rates.	Several carriers already perceive the GDA intermodal market as only marginally profitable. Increased competition may ultimately create market withdrawal (oligopoly result).
Service/Convenience	- More efficient, high-speed crane and loading operations, coupled with 7-day, 24-hour availability, will improve service. - Administrative procedures will become standardized and improve convenience. - Reduced rail congestion will improve transit times.	- Less convenient location for some customers. - Operations in large, complex facilities may be difficult to control and manage.
Logistics	- Improved intermodal services and reliability will reduce inventory and manufacturing costs. - Long-term, the co-location of intermodal trucking, warehousing, and manufacturing will reduce logistics costs. - Improved competitiveness of short-haul intermodal may increase market for intra-regional intermodal services. - Entrepreneurs may leverage intermodal opportunities to develop new forms of service.	Security and theft/damage is a concern for many shippers if the Intermodal Transportation Center is located within the GDA.

Source: Mercer interviews with shippers and carriers.

An Intermodal Transportation Center would increase carriers' service availability and flexibility, and reduce costs.

Exhibit II-3 Carrier Benefit Issues

Carrier Issues	Issues Today	Intermodal Transportation Center	
		Potential Benefits	Potential Costs/Risks
Terminal Capacity	Most terminals are out of capacity	Large scale facility could be designed to accommodate growth	Competing demands for capacity
Railroad Access	Congestion slows rail access to some intermodal terminals	Central location is equal or better for most	Competing service priorities
Highway Access	Uneven, satisfactory for most but difficult for some	MDOT commitment to provide quality access for everyone	Peak queuing
Switching Service	Problem in some terminals	Dedicated switching services with fewer total switch crews (7 days/week, 24 hours/day)	Competing service priorities
Train Loading/Unloading Service and Costs	Each railroad provides its own lift crews with limited backup	Efficient terminal design permits faster, more productive throughput	Competing service priorities, unless "Industrial Condominium"
Terminal Gate Hours/Access and Costs	Limited gate hours is a problem for draymen; peak congestion	Round-the-clock access; shared gates could accommodate individual peaks	Peak congestion unless "Industrial Condominium"
Equipment Costs (Terminal Dwell Time)	Uneven, some major delays exist	Improved as a result of fast gates, an efficient design, and improved automated parking systems	Huge, complex facility may increase dwell time unless "Industrial Condominium"
Drayage Costs	Intermodal terminals spread throughout the GDA	Co-location of terminals will improve efficiency by reducing "dead head" time	Highway congestion at the common location
Ease of Development of Adjacent Facilities	Most adjacent land is already in use for other purposes	Land for industrial development is more available, improving access and service; could attract more volume	None
Capital Efficiency	Redundant infrastructure at seven terminals	Potential economies from geographic consolidation, scale, and site development	Diseconomies of scale at some large terminals

An Intermodal Transportation Center could generate public benefits by reducing truck traffic and stimulating economic development.

Exhibit II-4

Public Benefit Issues

Public Issues	Issues Today	Intermodal Transportation Center	
		Potential Benefits	Potential Costs/Risks
Highway Usage	• High quality truck access required at multiple intermodal terminal locations • Substantial intermodal traffic trucked from Chicago, Toledo, and Cincinnati • Substantial inter-terminal drayage in the GDA • Only 8 percent of interstate/international containerized shipments move by intermodal	• Quality access may cost less when provided at a single location • Shift from truck to intermodal would: – Reduce air pollution – Reduce highway congestion – Reduce number of highway accidents – Reduce highway maintenance	• Concentration of traffic into a single large facility may increase local highway congestion
Economic Development in the GDA	• Slow growth rate for overall economic development forecasted	• More construction, manufacturing, and local transportation jobs, especially in Detroit • Improved productivity and lower transportation costs leads to additional freight volume and transportation employment • Potential for improved competitiveness and output of manufacturing and automotive industries	• Excess capacity if traffic volumes do not materialize • Initial reduction in transportation jobs due to increased efficiency. • Fewer longhaul trucking jobs in Southeast Michigan
Land Use	• Substantial underutilized industrial land assets within the GDA	• Redevelop underutilized industrial land	• Precludes other competing uses

050

300466

Cost/Benefit Analysis – Methodology

What would happen in the GDA with no Intermodal Transportation Center?

- Today most of the GDA's intermodal terminals are at or near capacity. Without capacity expansion, potential new intermodal traffic will move by direct truck or over other gateways (e.g., Chicago, Cincinnati, Toledo, and Windsor).
- In order to handle increasing intermodal volumes, railroads will have to:
 - Shift traffic above 335,000 loads/year to sites outside the GDA (e.g., Chicago), increasing longhaul truck traffic in Michigan
 - Expand existing GDA sites – expansion potential at existing GDA sites is limited, however, and capacity would "max out" at 500,000 loads/year
 - Capacity could be increased without limits by building additional GDA terminals, but new sites would add to fragmentation and inefficiency
- To quantify the benefits of the Intermodal Transportation Center, Mercer compared the ITC costs and benefits to a "Base Case" scenario where intermodal growth is accommodated at GDA terminals, rather than at terminals outside Michigan:
 - Incremental (low cost) expansion of existing GDA facilities until they reach their capacity limits (500,000 loads/year)
 - Construction of new "greenfield" terminals to accommodate future growth above 500,000 loads/year
- The analysis outlined in the following pages compares the difference in benefits and terminal investment between this "Base Case" and the ITC to calculate net present value and an internal rate of return for the ITC.

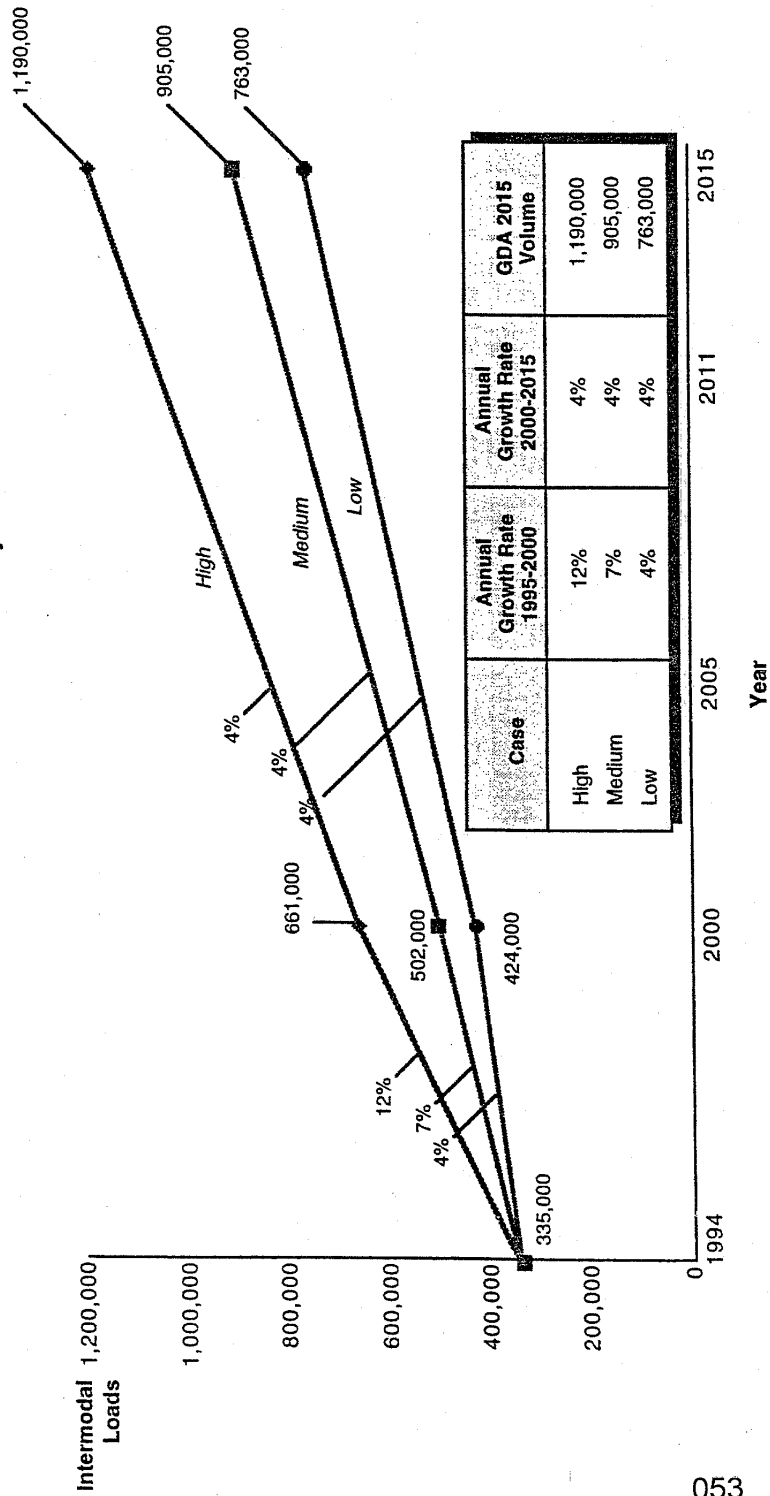
Cost/Benefit Analysis – Demand Assumptions

The cost/benefit analysis was conducted for high, medium, and low traffic growth rates. These levels are consistent with those assumed in the Phase I study with the following refinements to reflect a more realistic environment (and recent changes):

- Initial year (1994) volume of 335,000 lifts reflecting an expected 18 percent increase over 1992.
- Offsetting market developments:
 - Slightly lower potential for gateway shifts due to one carrier's recent decision to serve GDA domestic traffic via a newly expanded Toledo terminal.
 - Less potential upside from vehicle containerization, based on recent studies
 - Strong growth from LTL conversions to intermodal because of new Teamsters agreement
- As a result, the growth rates through 2000 are similar to those used in Phase I, with higher absolute volumes expected by 2000.
- In addition, the forecast horizon was extended from 2000 to 2015 to evaluate terminal investment options over a 20 year timeframe. A conservative four percent growth rate was assumed for all three scenarios beyond the year 2000.
- The three growth scenarios are displayed on the next page.

These revised demand levels (low, medium, high) were used to evaluate the Intermodal Transportation Center. Volumes are expected to at least double over the planning horizon.

Exhibit II-5
GDA Intermodal Volume Projections



053

Cost/Benefit Analysis – Capital Cost Assumptions

The analysis assumes that large near-term capital investments would be required for the Intermodal Transportation Center versus large “Base Case” capital investments in the “out years” beyond 2001. Much more capital investment is required to build multiple greenfield terminals than a single complex at an existing rail site.

Exhibit II-6

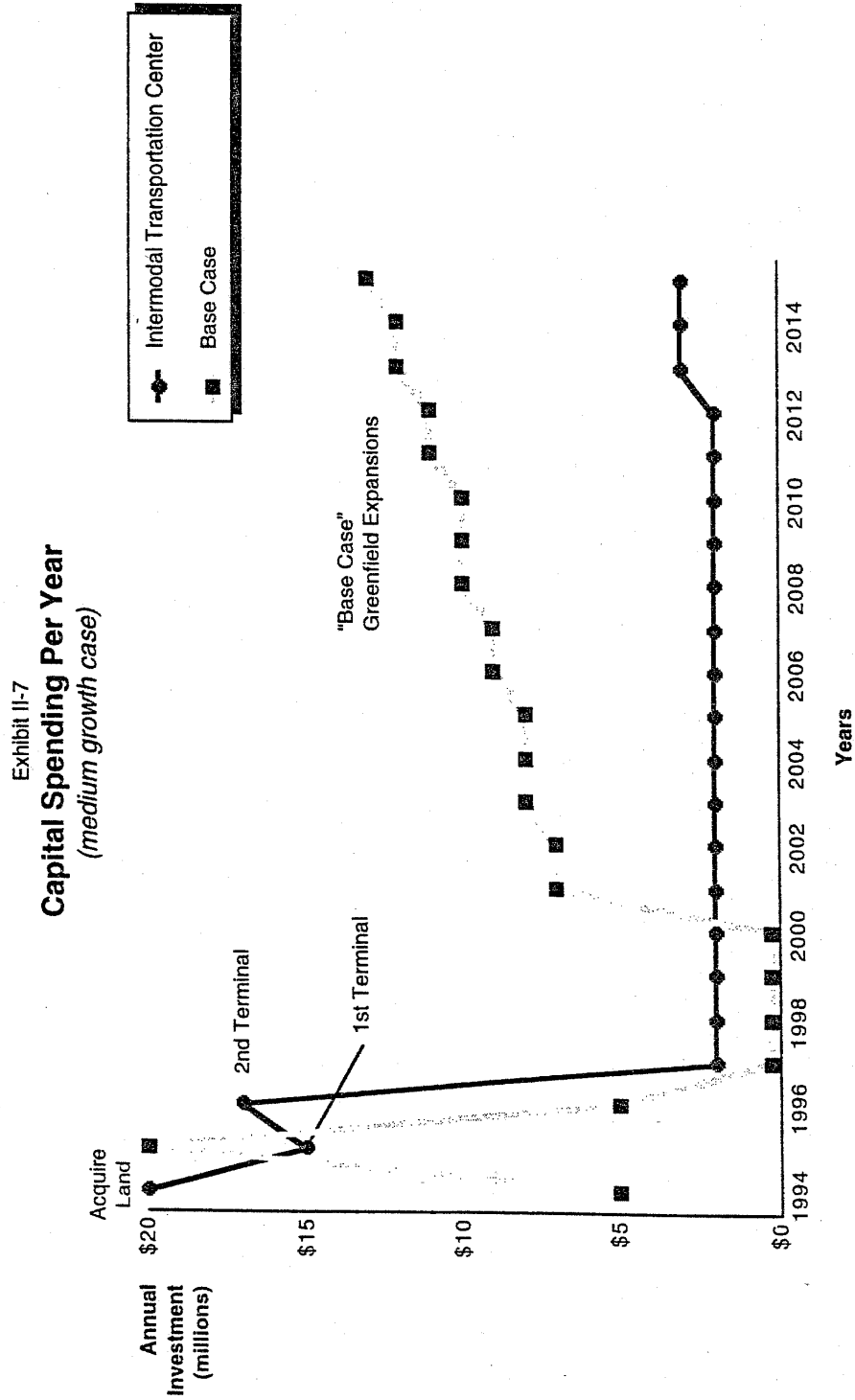
Capital Investment Assumptions (medium growth case)

Base Case		Intermodal Transportation Center	
Expansion of Existing Facilities and New Construction ¹		New Construction and Subsequent Expansion	
1994: Terminal Expansions:	\$5 million	1994: Acquire Land:	\$20 million
1995: New Terminal:	\$20 million	(Assumes 500 acres at \$40,000 per acre)	
1996: Terminal Expansions:	\$5 million	1995: Build first “Industrial Condominium” complex and necessary infrastructure:	\$15 million ²
2001-2015: Greenfield Terminals:	\$144 million	1996: Build second “Industrial Condominium” complex and necessary infrastructure:	\$16 million ²
- The 1994-1996 investments allow for the handling of 500,000 units which is reached by the year 2000. - Beyond year 2000, additional “greenfield” terminals are built with annual capital spending averaging \$7-13 million (increases over time with volume growth). - Total capital investment = \$174 million		1997-2015: \$2-3 million per year - Out-year investments are less intensive due to infrastructure investments in the initial two years - Total capital investment = \$92 million	

¹Estimates are conservative.

²Each complex would have one to three independent terminals.

Investments for the Intermodal Transportation Center are higher than the Base Case in the early years. However, as the project continues, the Base Case becomes much more expensive due to greenfield construction.



Cost/Benefit Analysis – Benefits Assumptions

Intermodal Transportation Center benefits would be derived from several private and public operational enhancements compared to the Base Case.

Exhibit II-8
Benefits Resulting from an Intermodal Transportation Center

Private Benefits – Quantified (Cost Savings)	Private Benefits – NOT Quantified
- Terminal Productivity - Co-location of terminals could reduce switching, clerical, and management costs "Clean sheet" terminal design (layout, systems, uniform processes) could produce lift, hosting, and gate productivity savings - Drayage - Consolidation eliminates cross-town deadheading between terminals - More efficient gate and parking organization reduces terminal dwell times - Equipment Utilization - Lift equipment could be shared to reduce overall peak equipment requirements - Volume concentration reduces railcar inventory requirements, improving turnaround time	- Co-location of transportation, logistics, trucking, and manufacturing activities (could provide long-term benefits to auto companies.) - Release of land from present intermodal facilities - Potential conversion of multilevel direct business to "mixing" center concept and containerized vehicles - Neutral chassis pool (reduces chassis requirements) - Drayage consolidation and balance - Trailer utilization/buffer stock benefits - Long-term rationalization of GDA track network - Gain in market share from better service - Financial contribution from increased traffic levels
Public Benefits – Quantified	Public Benefits – NOT Quantified
- Reduced longhaul truck traffic - Reduced air pollution - Reduced accidents - Reduced highway infrastructure maintenance	- Direct and indirect jobs impact - Economic multiplier effect

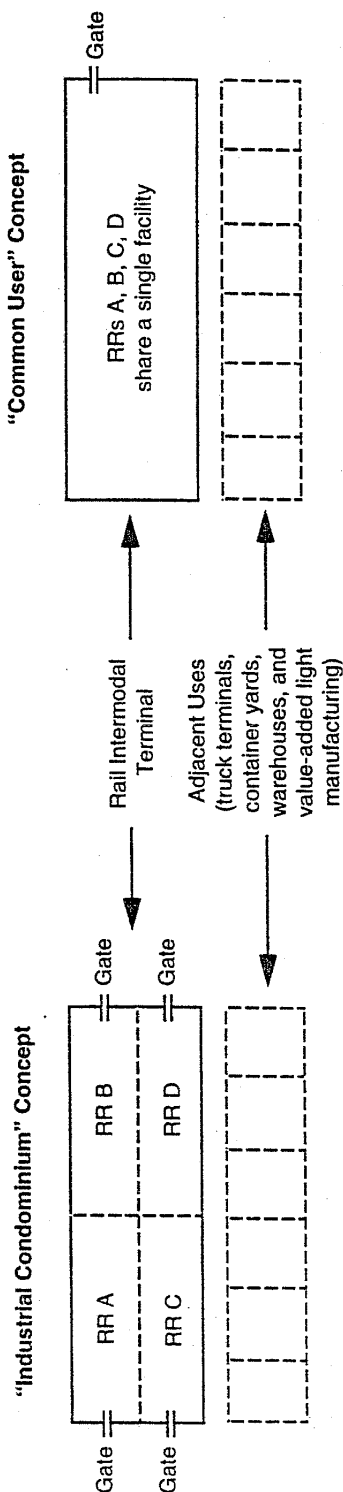
Source: Mercer interviews with carriers.

Bcs/P2 1/09-16-94/LEX17Transportation/Michigan DOTMDT004A-02/Detroit Intermodal Phase II/cthl

300472

Mercer evaluated *private sector* operational cost savings for two Intermodal Transportation Center concepts.

Exhibit II-9
“Industrial Condominium” Concept Versus “Common User” Concept



- Autonomous but co-located terminals for each tenant (load track and parking)

- Autonomous or shared:

- Gates
- Operating systems
- Inspection
- Railcars
- Chassis management
- Trailer/container pools

- Shared:

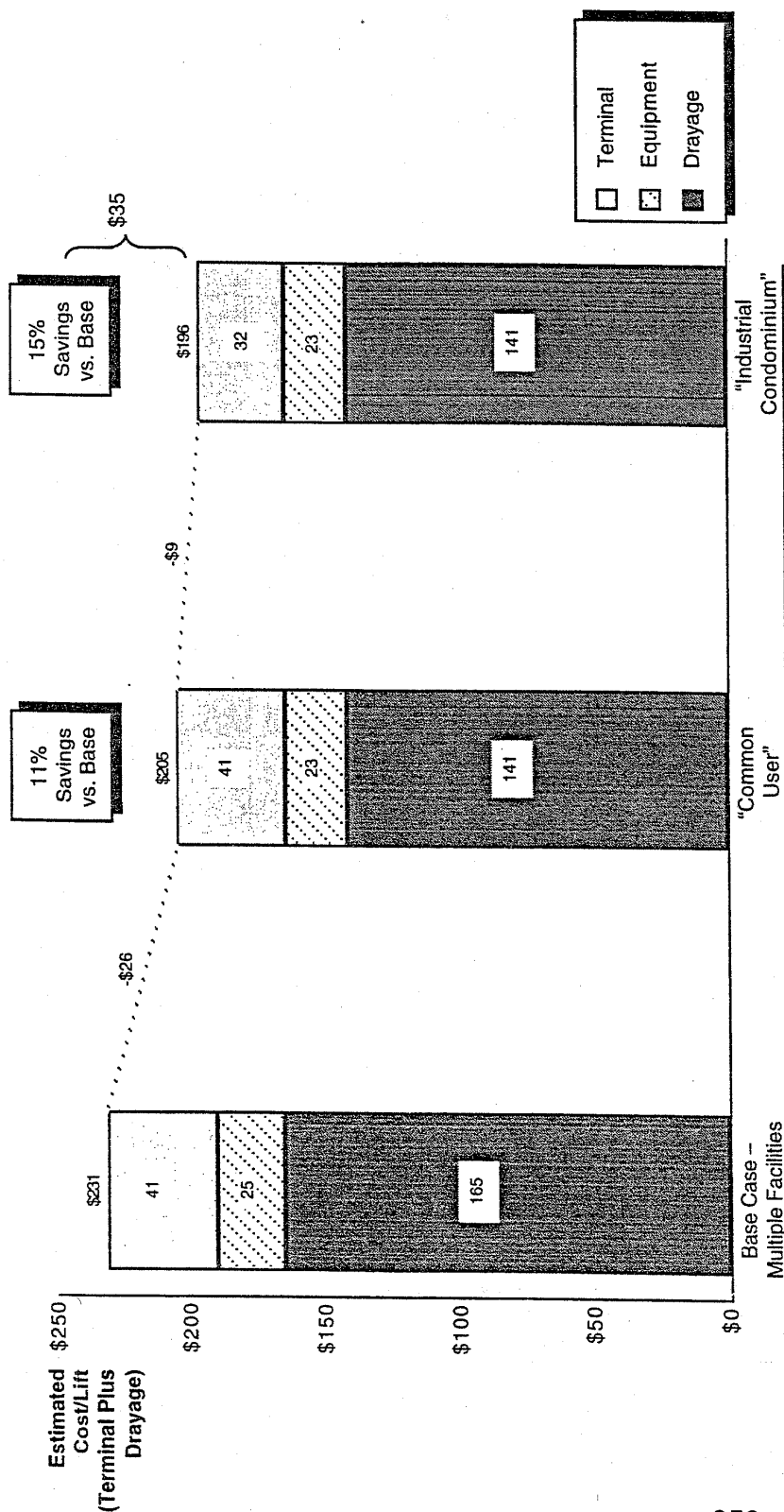
- Security
- Snow removal
- Maintenance
- Switching

- All land and functions are shared except:

- Management oversight
- Specialized equipment

The "Industrial Condominium" alternative appears to be more attractive than a "Common User" facility because it captures the major drayage efficiencies without creating the diseconomies of a single huge complex.

Exhibit II-10
Summary of Carrier Cost Savings¹



¹See Appendices A and C for details.

Box/P2, 1/09, 15-94/LEX/Transportation/Michigan DOT/MD1004A-02/Detroit Intermodal Phase II/CH1

The Intermodal Transportation Center can reduce highway vehicle-miles which will translate into *public* benefits.

- Consolidation of traffic flows and improved productivity will allow for diversion of highway traffic drayed from other intermodal gateways to the GDA. The economic analysis assumed a 50 percent diversion of gateway traffic.
- Elimination of cross-town drayage moves would also reduce vehicle-miles.
- These reductions in highway vehicle miles would reduce air pollution, vehicle accidents, and highway maintenance, representing public benefits of approximately 16 cents per vehicle-mile saved.
- The following chart presents a summary of the public benefits from reductions in vehicle-miles, which are detailed in Appendix B.

These public benefits will increase with volume each year – in 2005, for example, the Intermodal Transportation Center would generate \$3.5 million in public benefits.

Exhibit II-11
Public Benefits
(year 2005 example)

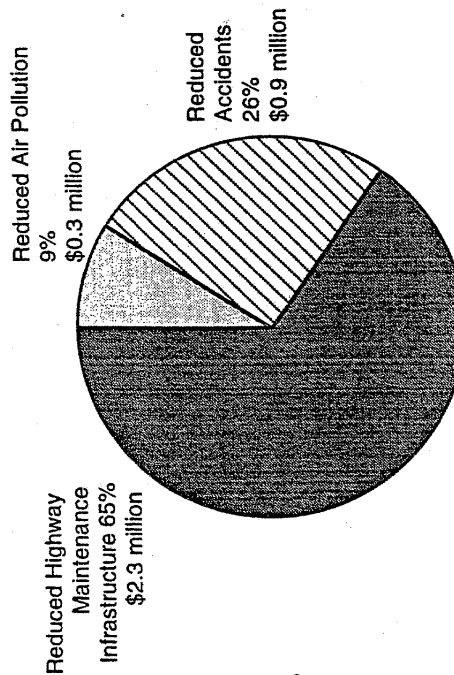
Intermodal Traffic Growth
(Medium Case)

Year	Loads	Loads Diverted From Other Gateways
1994	335,000	0
2005	612,000	64,225
2015	905,000	95,069

Changes in Truck-Related Activity
(year 2005)

Truck miles reduced = 22 million
Accidents eliminated = 70
Metric tons of pollution eliminated = 465

Total Benefits = \$3.5 million

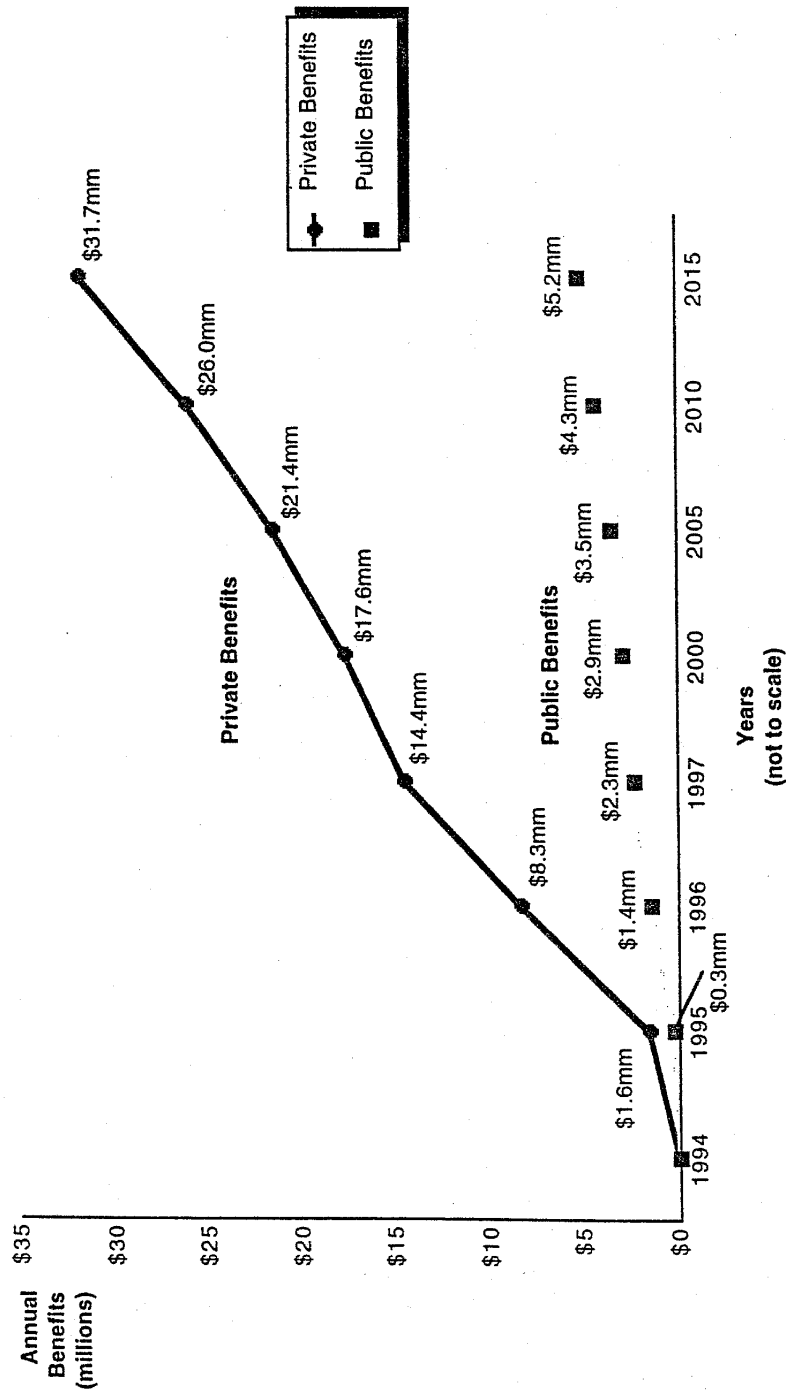


Source: Appendix B.

Bos/P2.1/09-16-94/EX1/Transportation/Michigan DOT/MDT004A-02/Detroit Intermodal Phase II/Chil

The annual benefits of the Intermodal Transportation Center increase dramatically with volume growth over the 20 year planning period.

Exhibit II-12
Estimated Public and Private Benefits per Year
(medium growth case)



Source: See Appendix C.

D:\P2.1\05-15-94\EX17\Transportation\Michigan DOT\MDT004A-02\Detroit Intermodal Phase II\c11

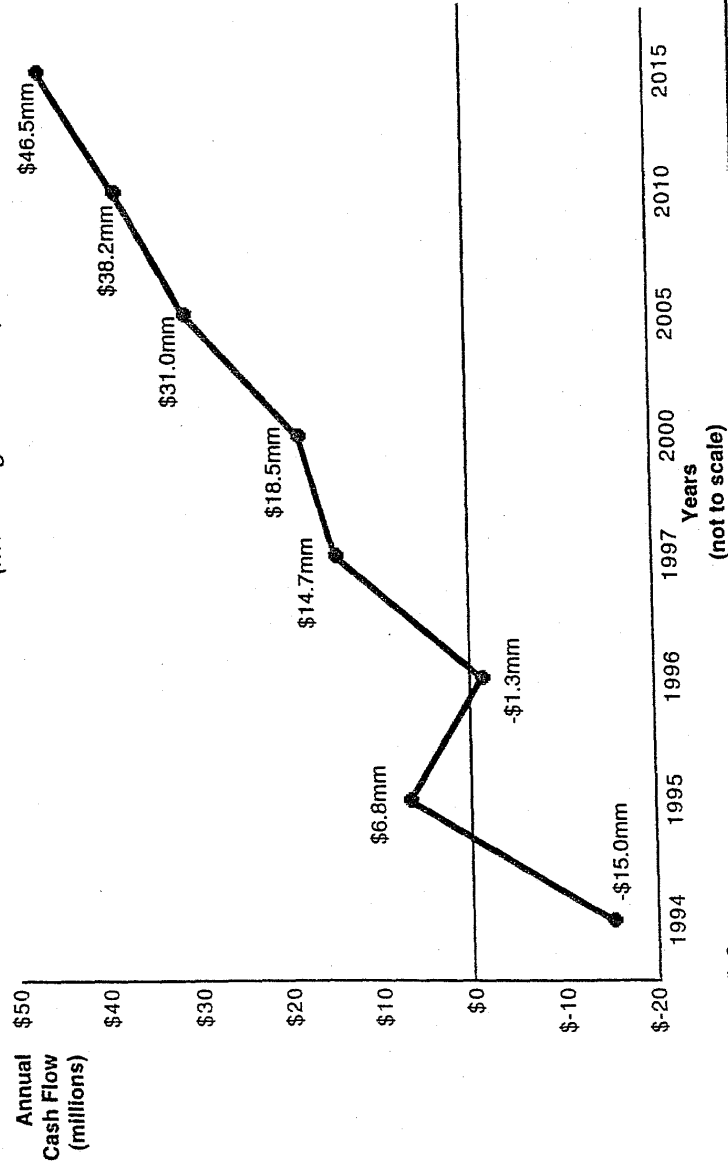
Financial Analysis

Annual benefits minus capital investments increases over the life of the project due to high initial investments for the Intermodal Transportation Center and increasing benefits in later years. The net present value is a positive \$135 million (assuming an 11.5 percent discount rate).

Exhibit II-13

Net Cash Flow Per Year (medium growth case)

Cumulative Impact 1994 - 2015	
Undiscounted:	\$594mm
Discounted at 11.5%:	\$135mm



Source: See Appendix C.

Bos/P2 1/09-16-94/LEX1/Transportation/Michigan DOT/ND1004A-02/Detroit Intermodal Phase II/c11

Financial Analysis – Discount Rate Sensitivity

With “medium” traffic growth, the net present value of the ITC when compared to the “Base Case” ranges from \$57 million (at a 20 percent discount rate) to \$230 million (at a 7 percent discount rate).

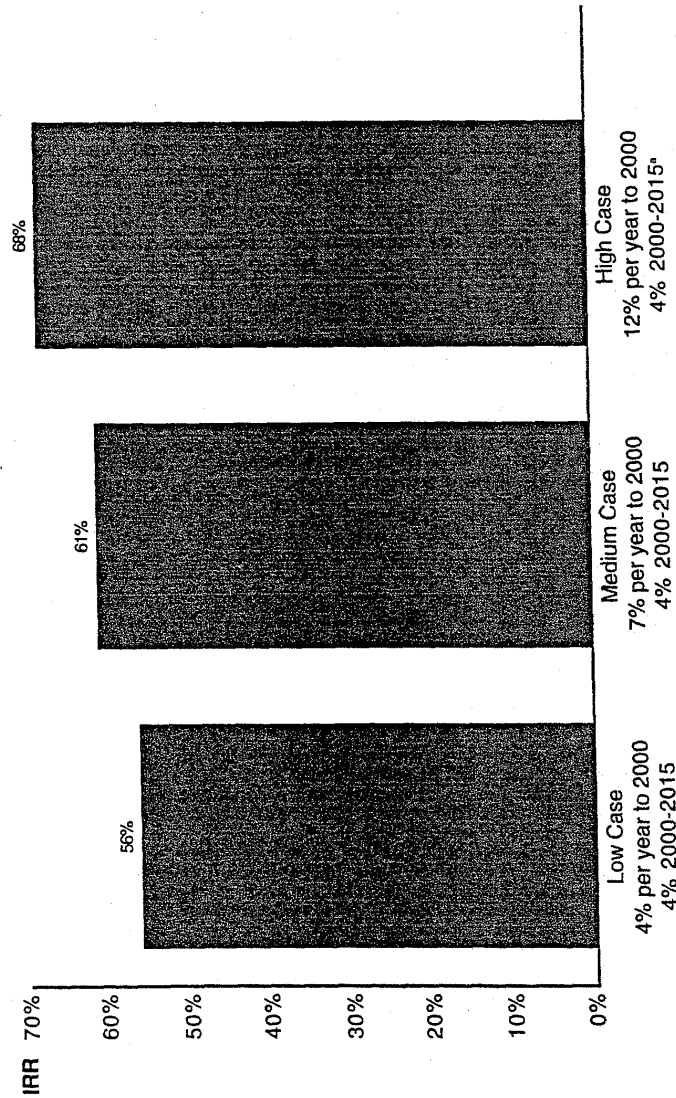
Exhibit II-14
Discount Rate Sensitivity
(medium growth case)

	7 percent discount rate			11.5 percent discount rate			20 percent discount rate		
	Base	ITC	Δ	Base	ITC	Δ	Base	ITC	Δ
Present Value Investment	\$(78)mm	\$(62)mm	\$16mm	\$(53)mm	\$(53)mm	\$0mm	\$(32)mm	\$(42)mm	\$(10)mm
Present Value Benefits	–	–	\$214mm	–	–	\$135mm	–	–	\$67mm
Net Present Value	–	–	\$230mm	–	–	\$135mm	–	–	\$57mm

Financial Analysis – Volume Sensitivity

The internal rate of return (IRR) of the ITC is not very sensitive to volume – ranging from 56 percent to 68 percent based on different traffic demand assumptions.

Exhibit II-15
IRR as a Function of Traffic Growth

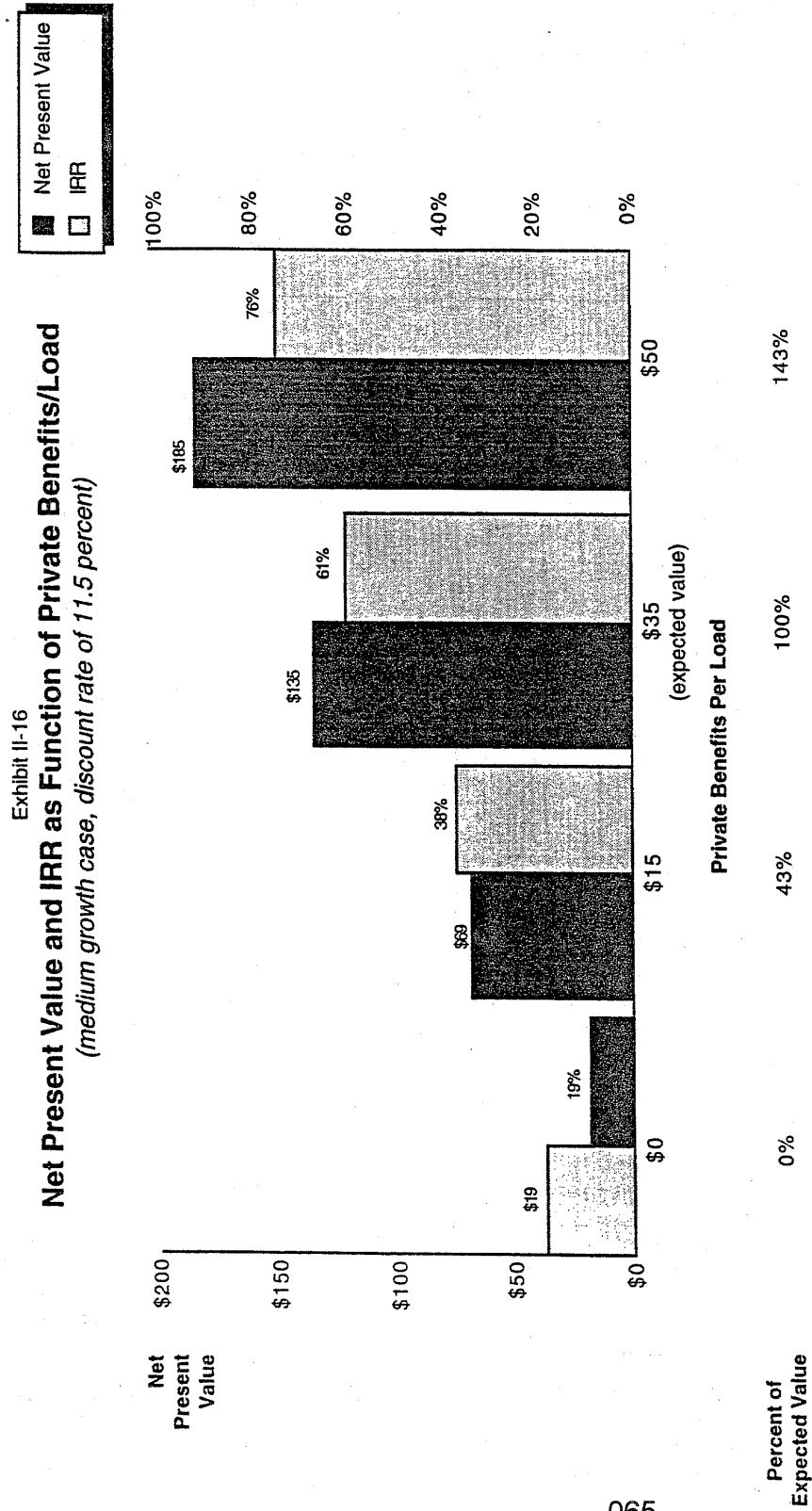


*Assumes ITC capacity is capped at 950,000 units.

Bos/P2 1/09-14/94/LEX1/Transportation/Michigan DOT/MD1004A-02/Detroit Intermodal Phase II/Chil

Financial Analysis – Private Benefits Sensitivity

The ITC would still generate a significant NPV and IRR even if private benefits were less than half the level expected.



Financial Analysis – Alternative Base Case Scenarios

Beyond the “Base Case” comparison, the Intermodal Transportation Center appears to be financially superior to other possible outcomes.

- The Intermodal Transportation Center is more attractive than a “no investment” scenario (where rail carriers are limited to existing terminal capacity – 335,000 loads per year).
 - Capacity limits would increase costs to shippers and longhaul highway miles in Michigan
 - Carriers would sustain higher drayage and terminal costs
- The Intermodal Transportation Center is more attractive than an “incremental investment” scenario, defined as growth to 500,000 units but no greenfield expansion beyond the year 2001.
 - Similar effects as in the above “no investment” case only to a lesser degree, i.e., more public benefits and increased private benefits
- Internal rates of return for the ITC versus these two scenarios ranges between 30 to 60 percent.

Employment Impact

The direct impact of the ITC on GDA employment is mixed and difficult to quantify. Short-term, the impact will be positive.

- The short-term impact on **construction jobs**, particularly in Detroit, is positive due to the high levels of initial investment in the Intermodal Transportation Center.
- The long-term impact on construction jobs would likely be negative compared to the Base Case because required additional terminal capacity at the ITC would be constructed more efficiently than at multiple future "greenfield" sites, which would require more site preparation, more gates, trackage, and other infrastructure.
- The long term impact on the number of **transportation jobs** in Michigan would likely be negative because the loss of motor carrier jobs would outweigh the increase in rail jobs. Longhaul motor carrier jobs would be reduced by conversions of longhaul and gateway trucking to shorthaul intermodal drayage.
- This may be viewed as a positive, however, given the growing shortage of truck drivers, and the significantly **higher wages** received by union railroad employees compared to nonunion motor carrier employees.
- In addition, the motor carrier job losses may have an insignificant impact on the GDA economy because many of the longhaul motor carrier jobs are domiciled outside of the GDA, or outside the state of Michigan.

The Intermodal Transportation Center's indirect impact on manufacturing and distribution industry jobs, however, is likely to be positive.

- Lower transportation costs and improved services, both inbound and outbound, may improve the competitiveness of GDA manufacturers/distributors and increase economic output and employment.
- The GDA could also become a more attractive location for investment in truck terminals and warehousing/subassembly activities serving the midwest.
 - Large scale focus of the ITC and adjacent industrial land
 - Improved service
- A small number of new plant investments or relocations, or increases in output from existing plants, could offset the potential negative impact from loss of motor carrier jobs.

Conclusions – What Are the Benefits and Costs?

- The Intermodal Transportation Center can provide significant benefits.
 - Shippers can enjoy better transportation service at competitive rates
 - Intermodal carriers can increase operational and capital productivity
 - The public sector can benefit from reduced highway congestion
- The Intermodal Transportation Center would require approximately \$100 million capital in investment, which is much less than if carriers acted independently.
- The net effect of the ITC's capital efficiency and productivity benefits result in an attractive investment, compared to all of the alternatives analyzed.
- The Intermodal Transportation Center is a robust initiative:
 - Quantifiable returns are attractive even when more conservative assumptions are used.
 - Other benefits not quantified in this study could provide additional appeal for both public and private stakeholders.

MISTURA EXHIBIT 4

Detroit Intermodal Freight Terminal Project

Feasibility Study Phase

TECHNICAL REPORT NO. 2

Prepared for:

Michigan Department of Transportation

Prepared by:

**THE CORRADINO GROUP
OF MICHIGAN, INC**

In association with:

Alfred Benesch & Company

Orchard, Hiltz & McCliment, Inc.

Advanced Geomatics

Commonwealth Cultural Resources Group, Inc.

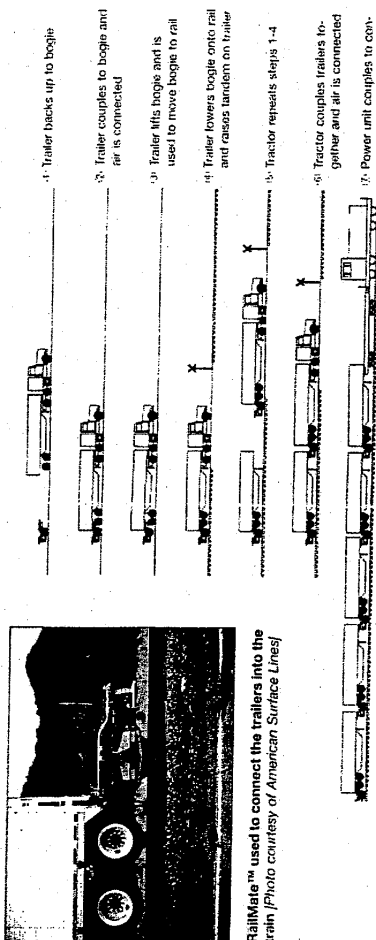
Schutt & Company

SOMAT Engineering, Inc.

Finkbeiner, Pettis & Strout, Inc.

July 2001

Figure 1-5
Road Railer



RailMate™ used to connect the trailers into the train [Photo courtesy of American Surface Lines]

Several products are now on the market which utilize the concept of bi-modal carriers. RailMate™ is another product which embraces the trailer/train shipping concept. The diagram above gives a vivid picture of how cargo shipped via highway trailers can go from the road to rail. [Photo courtesy of American Surface Lines]

Source: 1997 Car & Locomotive Encyclopedia

Figure 1-6
Canadian Pacific Railway's "Expressway"



Source: Union Pacific Railroad

1.3 Project Purpose

The purpose of the Detroit Intermodal Freight Terminal Project is to support the economic competitiveness of southeastern Michigan by improving freight transportation opportunities and efficiencies for business and industry. The goal is to develop a regional intermodal facility with sufficient capacity to provide for existing and future intermodal demand. The anticipated public benefits of developing the Detroit Intermodal Freight Terminal complex include the following:

- Potential for economic redevelopment of portions of Detroit, Dearborn and vicinity, as well as the region, with the associated increase in employment and tax base, including:
 - More construction, manufacturing and transportation jobs.
 - Lower costs to GDA consumers of products from televisions to automobiles.
- Reduced truck "vehicle miles traveled" on Michigan highways. Reducing truck "VMT" saves lives, reduces pollution, and conserves highway capacity.
- Provision of necessary infrastructure to support current and future distribution needs of the auto manufacturers, the state's largest industry.
- Existence of the opportunity for MDOT to focus highway investments at a single World-Class freight transportation hub around which further industrial development can occur.

The anticipated private benefits include:

- For the Railroads:
 - Opportunities to gain significant additional traffic volume.
 - Low-cost, efficient rail and terminal capacity.
- For the auto manufacturers:
 - Enhanced access to both domestic and international intermodal freight transportation systems.
 - Efficient service based on equal access for all Southeastern Michigan Class I rail carriers.
- For other shippers/receivers in Southeastern Michigan:
 - Improved intermodal freight access to the 8th largest metropolitan area in the United States.
 - A greater range of freight transportation service options.

If nothing were done, on the other hand, the railroads would likely pursue developments to accommodate their needs which may involve less consideration of community/environmental issues as compared to situations in which government is involved. And, if nothing were done, shippers will move traffic directly by truck to other gateways in ever-growing amounts (e.g. Chicago, Cincinnati, Toledo) with negative environmental and economic consequences for the Greater Detroit Area.

The goal of this Feasibility Study is to facilitate the project goal by:

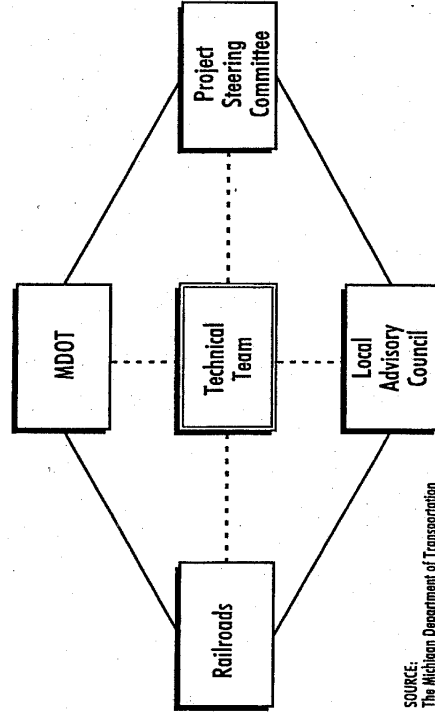
- Identifying the footprint, and requirements for right-of-way, and/or ancillary railway facilities, for the Intermodal Freight Terminal under several growth scenarios;

- Identifying practical alternatives for highway access to these alternative scenarios for the Intermodal Freight Terminal; and,
- Identifying potential environmental impacts of the project, and where possible and through continuing analysis, proposing methods to avoid and/or minimize these impacts.

1.4 Organization

The organization guiding the Detroit Intermodal Freight Terminal Project is illustrated on Figure 1-7. The roles of each participant are as follows:

Figure 1-7
Detroit Intermodal Freight Terminal Project
Project Organization



MISTURA EXHIBIT 5

①

Q. When is a railroad, not a railroad?
A. When it's really a deep water port.

If that does not make sense to you, wait until you hear the outrageous scam being pulled by billionaire Manny Maroun on the people of Downriver!

Maroun is already Public Enemy # 1 to the people who live in Southwest Detroit where he owns the Ambassador Bridge, as well as a huge "shipping container" depot and the ghostly hulk of Detroit's Railroad Station. There he makes the air dirty, life hazardous, the roads pot-holed, and property values so low, he can buy it up cheap – dirt cheap. Now he is coming Downriver to a neighborhood near you!

Maroun's companies have purchased parts of Riverview's old Mc Louth Factory. He says it's a "Railroad", because there are unused tracks there. He says the cities of Wyandotte, Riverview and Trenton have no control over his activity. Maroun claims, "Because I'm a railroad, I'm Federal". He may build new tracks over the entrance to the Grosse Ile Toll Bridge, but Grosse Ile will have no say. That's bad.

But here's the real nightmare! As a Railroad, he can claim to be a "depot" where trucks, trains and BOATS transfer cargo. He will not admit it, but thoughtful Downriver planners are convinced Maroun will create a *Deep Water Port* and import Canadian Trash! Down Jefferson, Sibley, King and Fort and into the Gibraltar Landfill!

Join us, Thurs. Jan. 24th, at 5:45 PM, the Holiday Inn, Northline and I-75, for a 1-hour Rally, broadcast live on Comcast. Learn how Maroun makes a mockery of the Detroit River and its new "Interational Wildlife Preserve", taking our "National Heritage River" back to the "good old days" when it was a sewer for industry!

Learn about responsible alternatives to Trash, Trucks and Pollution. See the plans for the Greenways. Learn about real new jobs. Save our community!

AND...Join citizens at the Downriver Community Conference (old Southgate High School) at Northline east of I-75, Wednesday, January 23rd, 9AM, to ask Wayne County not to give "Fast Track Approval" to the Gibraltar landfill. That's where Maroun will haul his Canadian Trash.

Stop this tragedy on our river! And stop it in Gibraltar!

Downriver Citizens and Businesses United to Re-develop the Detroit River for the 21st Century.

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 34040

**RIVERVIEW TRENTON RAILROAD COMPANY --
PETITION FOR AN EXEMPTION FROM 49 U.S.C. § 10901
TO ACQUIRE AND OPERATE A RAIL LINE
IN WAYNE COUNTY, MICHIGAN**

VERIFIED STATEMENT OF RICHARD P. URBAN

My name is Richard P. Urban. Since October of 2000 I have provided consulting services on strategic logistics, particularly with respect to the transportation of automotive parts and finished vehicles. I have had 39 years of experience in logistics, including 35 years in Logistics and Supply Chain management for DaimlerChrysler and its predecessor companies. My consulting firm, Urban Logistics Inc., is located in Brighton, Michigan with a business address of 3215 Old Orchard, Brighton, Michigan 48114.

For the two years prior to my retirement from DaimlerChrysler in May of 2000, I held the position of Director of Logistics Integration. Prior to that I was the Manager of Inbound Logistics for three years and Manager of Outbound Logistics for six years. Prior to 1988 I was the Director of Logistics with Jeep/American Motors Corporation, a predecessor company to DCX, a position I held for ten years. In these capacities, I have had extensive experience and contact with the Class I railroads as a customer and became very familiar with the strengths and weaknesses of rail transportation with respect to the automotive industry

My experience and responsibilities over those years culminated in the development of an encompassing benchmarking process of the DaimlerChrysler Supply/Logistics functions with the

objective of building a Supply Chain Model for the merged company of the Mercedes and Chrysler business components. The benchmarking process involved first understanding the Supply/Logistics models for a number of the companies within DaimlerChrysler, and using that information to find optimal solutions to supply chain flows. Additional benchmarking has taken me to China, Japan and extensively throughout Western Europe.

As a strategic consultant and proprietor of Urban Logistics I currently work with Riverview Trenton Railroad (RTRR) and its sister corporation, Logistics Insight Corporation (LINC). LINC is a subsidiary of CenTra Corporation, RTRR's parent company, and was created for the purpose of providing the optimal logistics for transportation and presentation of components and products in the automotive industry, making use of the best traits of the various modes of transportation. Because of my logistics background, RTRR has asked me to help determine the optimum process combinations with which to meet the demands of automotive companies for the flow of automotive parts. These include value-add services such as the sequencing of products to on-line use points (specific parts meet a specific VIN numbered vehicle at a predetermined point on the line). It also includes the design of transportation strategies for the most efficient presentation of parts on a just-in-time basis.

I. Under Current Scenarios, Rail Service to the Automotive Industry in the Detroit Area is Limited

My exposure and experiences at DaimlerChrysler and otherwise in business have led me to certain very strong beliefs and observations as to the strengths of current railroad operations and the most efficient use of rail in logistics solutions for the auto industry. Currently, Class I railroads are extremely effective and economical in "over-the-road" haulage. For the long-haul

portion of the movement, they equal or exceed the velocity of truck movements and do so with tonnages hundreds of times larger than what two operators in a truck cab can pull. This has always been the allure of the railroads and therefore where the resource and management focus has gone.

However, railroads in general too often have difficulty competing with trucks for just-in-time deliveries to automotive plants because of the time involved in transitioning from and to customers via rail pickup and delivery, or where interdependencies exist (*i.e.*, truck at origin and destination, switchyards and “hand-offs” to other railroads). Moreover, the large tonnages typical of rail movements do not naturally fit the metered, small lot demands of the automotive just-in-time philosophy.

For these reasons, under current scenarios, Class I railroads are, in general, most effective for movements beyond 500 miles for the auto industry and then only in unique situations such as some bulk items, frames, stampings, full intermodal containers and outbound vehicles.

II. More Efficient Use of Rail Core Competencies Could be Achieved Through a Value-Add Logistics-Oriented Shortline Rail Organization

Because of my experience both in logistics and in dealing with Class I railroads, RTRR asked me to develop a means of merging the core competencies of rail transportation with a value-added logistics capabilities that the RTRR shortline would bring to the equation. The vision was to provide the most effective link between over-the-road rail and the origin/destination pairs of the automotive supply chain, Tier I to Original Equipment Manufacturers (OEM) and OEM to rail and the world.

We began this project by looking at what the railroads do best, and what LINC does best, and matching those core competencies with the specific needs of the automotive industry. As

discussed above, the Class I railroads are most effective at providing high-velocity long-haul movements. LINC has been extremely effective at inventory management and metering capability, establishing communication channels with the OEM's and their supply chains, and providing draying and handling capabilities at origin and destination. To leverage these core competencies, we developed the following objectives:

- Establish an intermodal option where the shortline organization would control and manage the whole local process allowing the Class I's to focus on the "over the road" haulage. This would include control and management of switching, classification and the make-up of outbound trains.
- Manage the short-haul operation for speed and efficiency of the final delivery and/or origination process to and from automotive customers.
- Allow the manufacturing process on either side of the transportation chain to maximize its process efficiency with respect to run quantities by using the most efficient mode of rail transport that the specific product demands.
- Use the very scarce resource, truck drivers, where they are most productive at the short haul/dray side of long moves.

Currently in the Detroit area, most of the automotive plants rely on trucks for the entire transportation of parts from origin to destination. This is because trucks are more efficient at meeting the industry's "just-in time" inventory demands both in terms of the timing of deliveries and the small-lot quantities delivered. However, truck drivers are becoming a scarce resource, and highway congestion has become a greater impediment to efficient truck deliveries. Thus, an intermodal solution using rail for the long-haul movement and truck for the local draying to the plants would alleviate existing problems with truck driver shortages and highway congestion on the trucking side, while optimizing trucks' just-in-time delivery capabilities.

Under this scenario, Class I railroads could transport intermodal unit trains of inbound parts from origin manufacturers in large quantities and deliver them to an intermodal facility.

There, the shortline railroad (RTRR) would perform all switching and classification services. The large quantities of parts would be stored for subsequent distribution to local plants in metered shipments. The logistics group would transfer the metered quantities onto truck for final distribution. Control and management of the entire process would ensure that manufacturers obtain the necessary parts in the proper small-lot quantities at the appropriate times and in proper sequence for use in their manufacturing or assembly processes. The shortline railroad would also make up trains of outbound shipments for the Class I railroads.

Because most plants within the Detroit Metropolitan Area currently are set up for delivery by truck rather than rail, the final delivery to those plants would continue to be by truck, using the most efficient routes through the city. However, the process would be more efficient than the typical rail/truck movement because the intermodal facility would allow the Class I railroads to bring entire trains into the facility rather than into their own yards, and the shortline railroad would relieve the railroads of those terminal services where the railroads' can be less competitive vis-a-vis truck carriage and provide a precisely-managed logistics service.

To achieve this vision of efficient intermodal service, access to Class I railroads and to the "high-velocity" tracks was critical. Therefore, we developed the following additional objectives:

- Select sites on "high-velocity" track near the use points for the transition of rail to truck or truck to rail. The use of high-velocity track is critical to the efficient rail movement of parts within the metropolitan area.
- Select sites served by multiple railroads. Multiple railroads provide flexibility and competition for the value-add services.
- Provide shortline and logistics capability to multiple railroads as the business opportunities arise or are developed.

- Function as a Tier II wholesaler to the Class I's or as the primary marketer to the OEM's dependent only on the efficiency of the communication channels necessary in the specific component of the supply chain under review.
- Develop relationships with all major North American railroads: NS, CSX, UP (through CSX/NS haulage rights), BN (through CSX/CN/NS haulage rights), CN and CP.
- Extend shortline and logistics expertise and core competency.

The success of the facility depends in great part on proper site selection. First, the intermodal facility needed to be located at a point with a rail infrastructure that would promote access to the Class I railroads and to trucks and provide ample space to conduct switching, classification and make-up of trains. Second, the facility needed to be located at a point that allowed access to high-velocity tracks. Third, to promote competition and increased business opportunities, the site needed access to multiple railroads. A strategically located intermodal facility that combined the Class I railroads long-haul competency with the value-add services and management capabilities of an intermodal-focused shortline railroad company would help make "just-in-time rail" a reality.

III. The RTRR and Its Site Became A Critical Link To Making the Vision of Expanded Rail Usage in the Auto Industry a Reality

The site selection process revealed that the seventy-six acre McLouth Steel Company site is ideally suited to the vision of expanded rail usage in the auto industry. Tracks already exist on the site with direct connection to Conrail and thus to NS and CSX on the south end. Through the historical service agreements between Conrail and Canadian National (CN), the site also connects to CN via the southern connection with its grade separation from Jefferson Avenue to the CN. In addition, there is a direct connection with CN through a north end connection. The

north end connection at this time is not satisfactory, but if competitive forces demanded, it could be rehabilitated and upgraded to a competitive status.

These connections also provide access to the high-velocity Conrail tracks that run through the metropolitan area, which greatly facilitates the expedient movement of NS and CSX intermodal unit trains into and out of the facility. The site also promulgates competition with its connections to three railroads, CSX, NS and CN.

IV. RTRR and the Intermodal Facility Will Benefit the Industry and the Public

The RTRR/intermodal facility will benefit shippers in the Detroit area by replacing all components of the transportation with more efficient alternatives -- namely, the more efficient high-speed and high volume long-haul by rail, a fully dedicated rail terminal service, well managed value-add services, and efficient local distribution to local plants in metered quantities by trucks. By strengthening every component, the total transportation package is streamlined and more efficient. Thus, shippers benefit from a more efficient intermodal option for receiving and shipping automotive parts. They will be able to take advantage of the efficiencies offered by high-velocity and high-volume rail movements, while at the same time having improved control over the quantities of parts delivered at any given time, and the timing and sequencing of the deliveries to ensure that deliveries meet their just-in-time inventory demands. Shippers will also benefit from competition between the Class I railroads for the new business and for the value-add services.

The public will benefit from the significant reduction of long-haul truck movements over hundreds of miles of the nation's interstate highways, including movements using interstate highways in the Detroit Metropolitan area. Although the intermodal facility is anticipated to

increase the number of trucks *at the site*, there will be no adverse impact on the *total number of trucks on roads in the Detroit Area*. The traffic that will move into the intermodal facility by rail for transfer to trucks for final delivery to the plants would otherwise have moved directly to the plants by an all truck movement or less than optimal rail/truck movement. However, the consolidation of the receiving of large quantities (container loads) of auto parts and the subsequent distribution of parts in smaller metered shipments may create efficiencies that could help reduce to a lesser extent the number of local truck movements in the Detroit area. For example, shipments of small quantities of components from two origins to a single destination for delivery on the same day under the current system would require two long-haul truck shipments. If the parts were shipped and stored at the RTRR intermodal facility and subsequently distributed, it is possible that the two shipments could be shipped on a single truck, thus reducing the number of trucks needed to meet the shipper's demands.

The intermodal facility and RTRR will promote commerce by providing a means for Class I railroads to compete successfully with trucks for the long-haul transportation of auto parts and of other products. This will stimulate new rail business and promote competition between the Class I railroads serving the area.

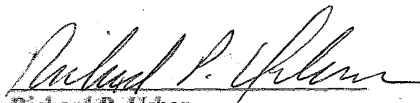
V. Conclusion

In conclusion I strongly believe the Detroit Metropolitan Area, and particularly the automotive industry, has long needed an intermodal facility that would optimize the use of rail in the delivery of automotive parts. The RTRR and its facility offer the most efficient means of providing shippers the opportunity to take advantage of long-haul rail service and still meet their just-in-time inventory demands. The RTRR intermodal facility and the model proposed herein

satisfies the need for more efficient service and provides a logistically sound solution to current problems of truck driver shortages, highway congestion and the need to optimize the efficient use of rail.

VERIFICATION

I, Richard P. Urban, hereby declare under penalty of perjury that the foregoing statement is true and correct to the best of my knowledge. Further, I certify that I am qualified and authorized to file this verified statement.


Richard P. Urban

March 7, 2002

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 34040

**RIVERVIEW TRENTON RAILROAD COMPANY – PETITION FOR
AN EXEMPTION FROM 49 U.S.C. 10901 TO ACQUIRE AND
OPERATE A RAIL LINE IN WAYNE COUNTY, MI**

VERIFIED STATEMENT OF RICHARD J. SCHIEFELBEIN

My name is Richard J. Schiefelbein and I submit this verified statement in support of the Riverview Trenton Railroad Company (RTRR)'s proposal to operate a rail line and intermodal facility in Wayne County, Michigan.

I am an independent transportation consultant, doing business as Woodharbor Associates. My address is 7801 Woodharbor Drive, Fort Worth, Texas. I specialize in providing strategy, policy, negotiation, and planning and analysis services regarding railroads and rail service. Clients I have assisted include Fort Worth Transportation Authority, Port of Houston Authority, North Carolina Railroad Company, City of West Palm Beach, North Carolina State Ports Authority, Texas Department of Transportation, Norfolk Southern Railway, Burlington Northern and Santa Fe Railway, Texas Transportation Institute, National Railway Labor Conference, and North Carolina Ports Railway Commission.

Prior to my current consulting work, I held positions as assistant vice president for strategic planning, labor relations, and financial planning for Burlington Northern Railroad (BNRR). Prior to BNRR, I served as Deputy Federal Railroad Administrator.

I had previously served in various positions in the Rail Services Planning Office of the Interstate Commerce Commission (ICC), culminating in the position of Deputy Director for Rail Services Planning. Prior to the ICC, I was a transportation consultant for Peat, Marwick, Mitchell, a systems engineer for Sylvania's Railroad Products Division, and an Industrial Engineer for Penn Central Transportation Company.

Throughout my career, I have served in policy advisory roles. Currently, I serve on the MBA Program Advisory Board at the University of Dallas, the Texas Transportation Institute Council at Texas A&M University, the Research Technical Advisory Panel for the Texas Department of Transportation, and I chair the Rail Committee of the Greater Houston Partnership. My previous advisory appointments include serving as Head of the U.S. delegation to the Pan American Railway Congress in Mexico City, Chair of the Texas Committee on Preservation of Transportation Corridors and Facilities, and as a member of the Policy Advisory Board for the Texas Transportation Plan, the Federal Advisory Task Force for Rural Transportation Policy, the Advisory Board of the Midwest Transportation Center at Iowa State University, and the Advisory Committee on Intelligent Transportation Systems for Intermodal Freight on Interstate 10 between San Antonio and New Orleans. I have an MBA degree in corporate finance from the University of Dallas and a BS degree in industrial engineering from the University of Illinois.

Although ownership and operation of intermodal terminals by organizations other than the major Class I railroads is not typical, independent operation of an intermodal terminal is possible and can be beneficial to rail users in terms of service quality and competition. An example of an independent intermodal facility operation can be seen at the Port of Houston. The Port of Houston operates the seventh-largest US container port, and is one of only 35 ports in the

world which handle over one million TEUs (twenty-foot equivalent units, the standard measure of marine container volume) annually. When the Port of Houston Authority began constructing its container wharves and terminal in the mid-1970s, it included a rail loading/unloading station for containers. Anxious to have intermodal rail service to the container terminal, the Port Authority entered into an agreement that allowed the serving railroad, which was skeptical about the container terminal's likelihood of success, to operate the rail loading/unloading station for its own account. This arrangement continued until the mid-1990s, when degradations in the railroad's service quality and transit times caused the Port Authority to make changes.

At that time, a substantial number of containers were drayed between the port and the railroads' intermodal facilities, including the in-town facility operated by the same railroad that operated the facility at the container terminal. Estimates at that time were that 50,000 annual cross-town truck trips could be saved if railroad intermodal services were improved enough to attract the containers to rail at the port and eliminate the drays to the railroads' intermodal terminals. The Port Authority entered into an agreement with the railroad under which the Port Authority would take over operation of the intermodal facility and would build an additional 12-mile main line track on the railroad's right-of-way to improve service and bring a direct rail competitor to the intermodal facility, all in conjunction with an expansion and improvement of the intermodal facility itself.

Because of the potential for reducing truck trips in a non-attainment area, the project qualified for federal cost sharing under the Congestion Mitigation and Air Quality (CMAQ) funding programs in the federal highway program. The Houston-area MPO (Metropolitan Planning Organization), the Houston-Galveston Area Council, sponsored the Port Authority's project and the Texas Department of Transportation provided the federal matching funding.

Including the 50 percent federal match, the Port Authority invested approximately \$30 million into the additional main line track and the expanded and improved intermodal facility.

The Port of Houston Authority operates the intermodal facility as a neutral terminal and has engaged a contract operator to perform the operational functions at a rate comparable to the rates the individual railroads pay contractors that operate their intermodal facilities. The train loading and unloading services provided at the facility are activities the railroads would otherwise need to perform at their individual facilities. The Port Authority's contractor is compensated for its services by collecting a "per-lift" charge from the railroads for containers lifted on or off of the respective railroad's trains; the Port Authority negotiated the contractor's per-lift charge in its contractor selection process.

The Port Authority's contractor works directly with the railroads to handle their containers in the same manner as the railroads themselves. Separate working tracks are assigned for unloading and loading containers for each railroad and the contractor has direct access to each railroad's computerized train-loading program, which it uses to build each railroad's outbound trains according to that railroad's specifications. For outbound trains that do not depart directly to a destination, the contractor's use of the train-loading program assures that the cars loaded by the independently-operated intermodal terminal can be combined into outbound trains with a minimum of handling at the railroad's intermodal facility. In terms of receiving inbound trains and building outbound trains, the independently-operated intermodal facility functions as if it were an intermodal terminal on each of the railroads.

As implemented in Houston, the concept of an independently-operated intermodal facility works whether a railroad has adequate volume for a direct train to a single destination or if its volumes require that the cars loaded at the independently-operated intermodal facility be

combined with other cars to build a train to a specific destination. From the Port Authority's facility in Houston, Burlington Northern Santa Fe (BNSF) operates direct trains between the independently-operated intermodal terminal and the Port of Long Beach, California, in both directions, without handling the trains at its Houston intermodal facility. In contrast, because it does not have adequate volume from the port to any single point, Union Pacific Railroad (UPRR) pulls its trains from the independently-operated facility to its Houston intermodal facility for combination with other traffic in trains to multiple destinations.

The largest steamship line customer at the Port Authority's container terminal, Maersk Sealand, changed its Houston operations to take advantage of efficiencies possible because of the independently-operated intermodal terminal. Maersk Sealand has consolidated all of its intermodal receipts and deliveries in Houston at the Port Authority's independently-operated intermodal facility. Maersk Sealand requires that all containers it receives in Houston, including those containers which local shippers drop off for rail transport to Long Beach for ocean movement off the West Coast, must be delivered to it at the container terminal for handling through the independently-operated intermodal facility. Previously, Maersk Sealand had permitted those shipments to be dropped off at the BNSF Houston intermodal facility. For inbound shipments, Maersk Sealand makes arriving containers available to local customers only at the container terminal adjacent to the independently-operated intermodal facility. One of the principal benefits to Maersk Sealand of making this operational change is its ability to better control its chassis (the trailer frames and wheels on which containers are transported on roadways). The delivery and pickup of containers involves the use of chassis, which required Maersk Sealand to manage two container pools in Houston, one at the container terminal and the other at the BNSF intermodal facility. Consolidating its container receipts and deliveries at a

single location reduces the complexity of chassis management and gives Maersk Sealand more direct control of its chassis fleet in Houston.

Bayer Chemical has taken advantage of new flexibility by the Port Authority to permit over-the-road containers to be handled at the independently-operated intermodal facility. Although use of its facilities is generally restricted to cargoes to or from ships, the Port Authority made the independently-operated intermodal facility available for non-marine container movements on a limited basis, permitting direct road deliveries and pickups of containers that were sponsored either by a steamship line or a railroad. Bayer Chemical responded to this flexibility by moving containers sponsored by Maersk Sealand on BNSF trains and containers sponsored by UPRR on UPRR trains, taking advantage of the location of the independently-operated intermodal facility, which is much closer to the Bayer Chemical facility than are the intermodal facilities of the railroads. Bayer Chemical's use of the independently-operated intermodal facility benefits Bayer Chemical by reducing the distance it must dray containers to be loaded onto rail and benefits the community by reducing the number of truck-miles and the associated emissions for trucks operated by Bayer Chemicals.

RTRR's development and operation of an intermodal rail facility would have parallels with the Port of Houston example. For outbound shipments, drawing to rail those shipments that currently move by highway would have the double advantage of generating traffic for the Class I line haul railroad involved and reducing the emissions and congestion caused by the trucks which currently haul the cargoes. RTRR could use the appropriate Class I railroad's train-loading programs to load cars or trains that would be moved by that railroad, eliminating the need for the Class I railroad to perform that work. Using the Class I railroads' train-loading programs would assure that the cars were properly loaded, avoiding the need for double-handling

the cars or containers. The shippers' logistics issues could be simplified by having to deal only with a single outbound rail point, regardless of the Class I railroad they selected for the line haul movement.

For inbound shipments, the proposed intermodal rail facility would be performing the lift-off or "grounding" function, which would otherwise be performed in the Class I railroad's intermodal yard. From the perspective of the receiver of inbound shipments, the proposed facility could simplify inbound handling by providing the receiver with a single interface, regardless of the Class I line haul railroad that was utilized.

Most of the industries located along the Houston Ship Channel receive neutral rail switching service from the Port Terminal Railroad Association (PTRA). PTRA is a switching railroad which operates over the Port Authority's tracks and is managed by a locally-based management team which reports to a Board comprised of the line haul railroads and the Port Authority. PTRA was created to provide neutral switching services to industries located along the Ship Channel, enabling those industries to ship or receive on any of the line haul railroads serving Houston. PTRA gives the industries the same competitive choices they would have if the tracks of each of the line haul railroads came into their facilities.

In a similar manner, the Pacific Harbor Line (PHL) provides neutral switching services at the Ports of Los Angeles and Long Beach over trackage owned by the Ports. In contrast to PTRA, PHL is not controlled by the line haul railroads, but is a unit of Anacostia Rail Holdings Company, a company that owns and operates short line railroads. Similar to PTRA, PHL provides industries and tenants at the Ports neutral and equal access to both BNSF and UPRR, the two line haul railroads serving the Ports of Los Angeles and Long Beach.

In both instances, the neutrality of the switching services is beneficial to the rail shippers and receivers, who enjoy the rate and service benefits of being served by competing railroads. In neither situation can one railroad prevent rail users from shipping over its competitor; each railroad can only entice a shipper's business with more attractive rate, car supply, and service offerings.

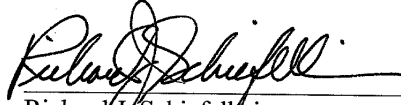
With its operation of the railroad, RTRR could provide a similar benefit for shippers and receivers using the independently-operated intermodal facility, a benefit that it could not provide if it were simply a terminal operator. RTRR would have several options on how it could provide neutral and equal access to Canadian National, Norfolk Southern, and CSX (the latter two through Conrail's Shared Assets Area). RTRR could establish a uniform switching charge assessed to the line haul railroads for its switching services, applicable to shipments to and from its independently-operated intermodal facility, which is how PHL charges the railroads for its services. The switching charge could effectively be an offset to the termination switching work the line haul railroads would otherwise have had to perform on those shipments. The shippers would then have the benefit of being able to select from among the line haul carriers by comparing the price and service offerings of each.

Another option would be for RTRR to establish joint line rates with the line haul railroads and to serve as the shippers' single point of contact for both the rail transportation and the value-added services which could be provided at the independently-operated intermodal facility. Under this second option, the shippers could benefit by virtue of RTRR having assembled all the elements of the shippers' transportation needs, with a single point of accountability.

Each of the elements of RTRR's proposed operation of a rail line and intermodal facility is already being successfully performed elsewhere in the U.S. rail system. RTRR's proposal to operate a rail line and intermodal facility puts the two concepts together in a unique transportation service package offering, with significant benefits and efficiencies for shippers.

VERIFICATION

I, Richard J. Schiefelbein, hereby declare under penalty of perjury that the foregoing statement is true and correct to the best of my knowledge. Further, I certify that I am qualified and authorized to file this verified statement.


Richard J. Schiefelbein

March 4, 2002

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 34040

**RIVERVIEW TRENTON RAILROAD COMPANY --
PETITION FOR AN EXEMPTION FROM 49 U.S.C. § 10901
TO ACQUIRE AND OPERATE A RAIL LINE
IN WAYNE COUNTY, MICHIGAN**

**VERIFIED STATEMENT OF
JAMES E. ZAMJAHN**

My name is James E. Zamjahn. I am offering this statement in support of the petition for operating authority of the Riverview Trenton Railroad Company (RTRR). I am currently a consultant doing business as ARVISTA, a management consulting service. My business address is 1901 Archers Pointe, Rochester Hills, Michigan 48306. I provide contract services to companies, advising their management on supply chain solutions for improving the effectiveness of distribution and supply.

Prior to my retirement on December 31, 2001 I spent 30 years with General Motors in a wide variety of senior decision-making positions. As the Executive Director of Purchasing, General Motors Service Parts Operation, I was responsible for the procurement of all General Motor's Service Parts and AC Delco product for GM's North American dealers and independent aftermarket distributors. I was responsible for over 600,000 part numbers and the annual expenditure of \$3.8 billion for materials.

Previously I served as the Executive Director of Logistics for General Motors. In that position I was responsible for all inbound material transportation and finished vehicle distribution to support GM's North American manufacturing and vehicle assembly operations, as well as all international transportation of components and vehicles. During my time as Executive Director of Logistics for General Motors I consolidated the procurement of all North American transportation through a business award council with a reduction of transportation expense of 15%.

In addition, I led a restructuring of General Motor's container engineering group into a single unit, with upgraded math based systems and equipment to streamline design time and reduce costs. I also managed the consolidation of General Motor's Michigan private fleet operations from 15 independent activities to one unit. The fleet consisted of tractors, trailers, terminals and 500 drivers, mechanics and support personnel. I also engaged a third party manager to manage the fleet, and subsequently sold the fleet to the fleet manager.

Earlier in my career with General Motors I held a number of important logistics, production control and purchasing assignments including Director of Systems and Planning for the General Motors Materials Management Staff and Director of Production Control and Planning, Buick-Oldsmobile-Cadillac Group. In addition I served as Director of Production Control for the Lansing Automotive Division and Director of Transportation for the Oldsmobile Division. I have a Bachelor of Industrial Engineering from General Motors Institute. Since my retirement I have worked as a logistics consultant to suppliers to the auto industry.

During the course of my 30-year career with General Motors I participated in a number of dramatic changes in both how parts flow to assembly plants and in how completed automobiles flow through the finished vehicle distribution network. Given the competitive nature of the automobile business and the required pace of change, further significant changes will be occurring, especially in the auto manufacturers use of railroads.

Thirty-five years ago, nearly 80% of the parts used by General Motors in the manufacture of automobiles was transported to an assembly plant via the railroads. Today the railroads move less than 30% of the parts required to assemble an automobile. The balance moves via truck, either in less-than-truckload or truckload services. What occurred during the intervening 35 years that caused the linehaul railroads to lose so much of the auto parts business? Basically the truckers gained an advantage because they were more adept at identifying the multiple needs of the customer and focusing on what the customer required across many plants and a multiple number of destination docks.

That does not mean that the railroads no longer have a place as providers of transportation services to the auto industry. To the contrary, railroads are extremely cost efficient movers of freight over long distances. It is only when the rail cars reach a terminal close to their final destination that their attributes of cost and speed, especially over long distances, are significantly diminished. By combining the rail terminal capabilities of the Riverview Trenton Railroad Company with logistics expertise, RTRR can realize significant savings for the auto industry. For example, LINC, a sister company, is a provider of logistics management services and is a recognized, respected

and capable provider of logistics related services to the automotive industry. Given the role that LINC plays for its customers, LINC is in a strong position to identify the multiple needs of an automotive customer across many origin and destination plants.

Offering a complete transportation package that optimizes the inherent strengths of long-haul railroads and regional trucking services, and that utilizes available and respected logistics expertise, RTRR will provide enhanced service to automotive customers in the Detroit area. The RTRR intermodal facility will support automotive just-in-time requirements from a service and competitive cost standpoint. These efficient services will enable container loads of auto parts to be shipped by rail from various points for delivery to the RTRR facility. There the parts will be stored and then delivered by truck in metered lots to the automotive plants in the quantities and sequences required. This will enable the shippers to improve the management and control of their parts inventories.

Moreover, the proposed RTRR facility is strategically located so as to enable the RTRR to connect with three Class I railroads: CSX and Norfolk Southern (NS) through its connection to the Conrail Shared Assets lines and to Canadian National/Grand Trunk Western (CN/GTW). RTRR will be able to receive containers of parts from these Class I railroads as well as make up trains of outbound parts or products for any or all of them. Access to multiple Class I railroads provides shippers the service flexibility and competitive options they need as conditions and service requirements change over time.

Although the automotive industry will be the primary beneficiary of the services of the proposed shortline railroad and intermodal facility, other shippers, the Class I railroads and the public will also benefit. By partnering with RTRR to provide a

consistent level of service to automotive shippers, the Class I railroads will be able to obtain and retain new automotive service contracts. In addition, an efficient intermodal facility with value-added services of logistics and inventory management will attract non-automotive intermodal traffic to the Detroit region. Thus, RTRR can assist the long haul rail carriers with which it connects (CSX, GTW/CN and NS), in recapturing traffic lost to the trucking industry over the past 35 years.

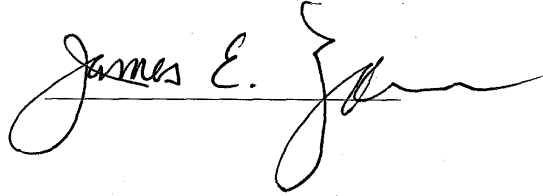
Today, trucks provide long-haul service to and from points within the Detroit Metropolitan area as well as handle local cross town traffic. Even traffic that ultimately moves by rail is often first trucked long distances from Detroit. By providing additional intermodal services in the Detroit area, much of that traffic can be diverted from truck to rail. The shift from exclusive truck movements to intermodal movements, with railroads providing the long-haul portion and trucks providing the local distribution, can have only positive environmental benefits. The numbers of trucks that are on our nations' highways will be reduced, with a positive impact on congestion in the Metro Detroit area, and on traffic in major corridors linking Detroit with other cities. Eliminating long-haul truck movements will promote greater highway safety by reducing the opportunities for truck - car accidents. Decreased trucking will also decrease our nations use of scarce fossil fuels. And, importantly for the trucking industry, it will reduce the nations' dependency on scarce truck driver resources, while retaining the use of trucks to provide the excellent and efficient local delivery service tailored to meet the specific needs of each customer.

As a former automotive industry executive, I fully support RTRR's proposed operation of a shortline railroad and intermodal facility because the service and

opportunities that RTRR offers to the automotive industry clearly meet an industry need and will greatly enhance the management of automotive parts inventories. Moreover, other industries will likely recognize the benefits of the proposed facility and avail themselves of these new opportunities.

VERIFICATION

I, James E. Zamjahn, hereby declare under penalty of perjury that the foregoing statement is true and correct to the best of my knowledge. Further, I certify that I am qualified and authorized to file this verified statement.

A handwritten signature in black ink, appearing to read "James E. Zamjahn", written over a horizontal line.

MARCH 5, 2002

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 34040

**RIVERVIEW TRENTON RAILROAD COMPANY --
PETITION FOR AN EXEMPTION FROM 49 U.S.C. § 10901
TO ACQUIRE AND OPERATE A RAIL LINE
IN WAYNE COUNTY, MICHIGAN**

VERIFIED STATEMENT OF DAVID WILSON

My name is David Wilson. My address is 2000 Trimaran Place, Wilmington, NC 28405. I have thirty four years of experience in the railroad industry, having served as Vice President of Operations for the Grand Trunk Western Railroad between November 1984 and June 1996; the General Manager of Conrail's Dearborn Division between June 1996 and September 2000 and the Director of Yards and Terminals for Norfolk Southern until January 2001. Prior to serving as Vice President of Operations for Grand Trunk, I held a variety of other positions in the rail industry. I am currently a consultant on rail matters.

As Vice President of Operations for Grand Trunk Western, I was responsible for the overall management of the operations of the Railroad. Included in my responsibilities were service design and customer service. During my tenure I was responsible for the design and construction of the expansion of Moterm, GTW's intermodal terminal in Detroit. The Detroit, Toledo, and Chicago terminals were part of my jurisdiction. As General Manager for Conrail I was responsible for the management of the safe and

efficient operation of the Dearborn Division, which included the Detroit, Toledo and Chicago terminals. As Director of Yards and Terminals for Norfolk Southern, I was responsible for oversight of the safe and efficient operation of all the yards and terminals on Norfolk Southern. The Detroit, Toledo, and Chicago terminals were part of my jurisdiction. I also served as a member for several years, and Chairman, of the AAR Operating General Committee. In that capacity, I was involved in the overall governance of the operating issues involving all major railroads in North America. This position enabled me to acquire a fuller understanding of the operating interface between the major rail carriers in North America.

I have been asked by the Riverview Trenton Railroad Company to review and comment on its plans to develop and operate a shortline railroad and an intermodal terminal on the site of the former McClouth Steel plant and rail support yard in Riverview and Trenton, Michigan.

Based on my experience, the highly industrialized area of Southeastern Michigan is in need of increased capacity for intermodal operations. Not only is some intermodal traffic destined for this area currently being trucked in over the road from distant points, but more importantly because of limited terminal capacity the ability for the railroad industry to capture additional traffic from other forms of transportation is limited.

The site of the former McClouth Steel rail support yard is well situated for the development of an intermodal facility. It is located in a highly industrialized portion of the Detroit metropolitan area and has been used for rail operations in the past. There are in place two rail connections to the facility on both the south and north end. The south end connection connects to both Conrail and Grand Trunk. Conrail being the operating

entity for both Norfolk Southern and CSX in the Detroit terminal area gives all three major carriers serving Detroit equal access to the facility. These three carriers give shippers rail access to all of North America.

The south end connection provides direct rail access to all three carriers serving Detroit. This connection is grade-separated and I understand will be the connection primarily used by RTRR. The north end connection presently connects only to the Grand Trunk line serving River Rouge. This connection could be upgraded and connected to the Conrail main line if it was economically feasible. A rebuilt north end connection would give CSX a direct head on connection and would give Grand Trunk a direct head on connection to Chicago and Eastern Canada via their trackage rights over Conrail lines to the Vinewood connection.

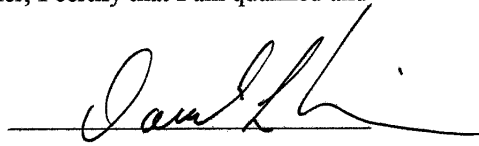
The establishment of a shortline carrier to operate this intermodal facility will provide the shippers with the choice of any or all three trunk line carriers serving Detroit. Operating a shortline will allow RTRR to accomplish a seamless interface to the shipper for intermodal traffic in and out of Southeast Michigan. As a shortline carrier, the RTRR could provide interchange of equipment as required between carriers, all shipping documents, inspection and repair of rail equipment, necessary mechanical and brake tests, and switching and make up of outbound trains. RTRR will offer shippers a complete logistical package for traffic anywhere in North America.

Finally, the concept of a single entity undertaking the consolidation of freight for multi-modal handling is not new to the rail industry. For example, Amtrak currently consolidates freight and forwards it as part of its passenger train consist. Norfolk Southern has developed JIT centers designed to consolidate freight for forwarding to

single destination locations and Schneider Trucking (among many other large trucking firms) has a logistical arm that manages shipments for customers using all modes of transportation. The RTRR concept builds on these types of arrangements, adding the important shortline element and a modern facility at which it will handle the physical interchange between rail and trucks. The shortline that RTRR would operate will provide it with the independence and flexibility that other consolidation operations do not have. RTRR will be able to efficiently build trains composed of intermodal freight solicited from a wide range of shippers that might not otherwise find intermodal services attractive. It will be able to market to these shippers the opportunity to interchange freight at a single point via any of several Class I railroads, while allowing the shippers to deal (as most prefer) with a single entity. RTRR's services will be all the more attractive because it will enter arrangements with those railroads that reflect both the larger volume of freight that it will be able to consolidate and the range of loading/unloading and related transportation services it will provide. And by controlling rail operations at the point where the freight is loaded and unloaded, RTRR will retain the flexibility to deal with several railroads and fashion the most advantageous arrangements for its customers.

VERIFICATION

I, David Wilson, hereby declare under penalty of perjury that the foregoing statement is true and correct to the best of my knowledge. Further, I certify that I am qualified and authorized to file this verified statement.

A handwritten signature in black ink, appearing to read "David Wilson", is written over a horizontal line.

3 - 1, 2002

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 34040

**RIVERVIEW TRENTON RAILROAD COMPANY –
PETITION FOR AN EXEMPTION FROM 49 U.S.C. 10901
TO ACQUIRE AND OPERATE A RAIL LINE
IN WAYNE COUNTY, MICHIGAN**

VERIFIED STATEMENT OF IRWIN H. SILBERMAN, Ph.D.

My name is Irwin H. Silberman. I am a transportation economist with offices at 209 Hart Road, Gaithersburg, MD 20878. A detailed statement of my background is presented in Appendix A of this statement.

The purpose of this testimony is to analyze both the commercial opportunities and public benefits that could be offered by the operation of the Riverview Trenton Railroad Company. This shortline railroad has as its business model the development of intermodal services which will create efficiencies in the movement of freight and hence result in reduced costs to its shipper customers. In this regard, RTRR is intended to be a niche player which will work closely with logistics experts. For example, one of RTRR's service offerings will advance the concept of "just-in-time" rail movements, partnering with the Class I railroads to offer an attractive product to shippers. Section I of this testimony demonstrates that the freight market exists for these proposed innovative services; that there is significant potential growth for the use of intermodal transportation

with respect to shipments originating in the Detroit area. Section II addresses a variety of other benefits offered by the RTRR model.

Section I: The Detroit Freight Market

The RTRR is being designed to facilitate the intermodal movement of freight, by rail and truck. It is well-known that the extent of intermodalism has been growing in recent years. A later portion of this statement will speak to the reasons for this trend. But for current purposes it is understood that freight must generally travel over 500 miles for shippers to achieve the benefits of intermodalism. From 1993 to 1997, the Commodity Flow Survey (CFS) ¹ data show that nationally, truck and rail intermodal tonnage increased from 40,624 (thousand of tons) to 54,246 (thousands of tons), or by 33.5 percent, and truck and rail intermodal ton-miles increased from 37,675 (millions of ton miles) to 56,561 (millions of ton miles) or 50.1 percent.

Given this backdrop, Table 1 presents 1997 originating data for the Detroit-Ann Arbor-Flint CMSA (consolidated metropolitan statistical area) from the CFS.

¹ Commodity Flow Survey data are jointly developed by the Bureau of Transportation Statistics, DOT, and the Bureau of the Census.

Table 1
DETROIT-ANN ARBOR-FLINT CMSA ORIGINATING (1997)

<u>Part I</u>	Tons (thousands)	Ton-Miles (millions)
Freight Originated, all modes	<u>190,168</u>	<u>25,977</u>
Distance Shipped, all modes		
500 miles or more	10,872	12,686
Percentage of all freight		
Shipped more than 500 miles	5.7%	48.8%
<u>Part II</u>		
Freight Originated, Single Mode		
Truck	<u>165,281</u>	<u>16,381</u>
Distance Shipped, Truck		
500 miles or more	5,911	6,283
Percentage of truck freight		
Shipped more than 500 miles	3.6%	38.4%

Table 1, Part I, demonstrates that freight originating in the Detroit CMSA which travels more than 500 miles (both truck and rail) accounts for only 5.7 percent of all originating tons, but 48.8 percent of all ton miles. That traffic, which accounts for virtually half of total ton-miles, includes the potential market for intermodal rail-truck traffic.

Table 1, Part II, deals only with single-mode trucking. More than half of all tonnage shipped 500 miles or more is still moving exclusively by truck. That traffic accounts for an impressive 38.4 percent of trucking ton-miles. In macro-terms, it is clear that these moves constitute an important potential market for future intermodal growth and thus for RTRR.

The data also indicate the overwhelming importance of the motor vehicle manufacturers in this broad sketch of the originating Detroit-Ann Arbor-Flint CMSA. Viewed from a commodity point of view, the category SCTG 35-38, "Electronics, Motorized Vehicles and Precision Instruments" accounts for \$92,976 millions of dollars of product value or 48 percent of originating freight from the CMSA. RTRR, with its access to the lines of the Class I carriers, would attempt to provide the services which would convert single-mode trucking to the rails. Single-mode trucking does in-fact account for 28.5 percent of the ton-miles of this commodity grouping (including motor vehicles), and constitutes an important source of market for this intermodal-focused shortline railroad, i.e., the potential to convert long-haul trucking to more cost effective drayage and rail.

Hence, the originating data available for the Detroit-Ann Arbor-Flint CMSA support the conclusion that the RTRR, with its unique proposed services, does indeed have the market potential for success.

Section II: The Importance of Encouraging Intermodal Transportation

It is generally accepted that the domestic and international growth of freight, by itself, has increased inefficiencies in the movement of that freight. There can be little question that investment in transportation infrastructure is required to offset these increasing costs of transport. RTRR represents a source of private investment intended to allow shippers to achieve a reduction of their inventory carrying costs.

It is an example of what some writers have called “new models of transportation providers.”² One consequence of this movement to achieve efficiency through intermodalism is that “facility complexes are being designed for cross-modal coordination. Freight villages and inland ports are an example of this, where the staging, transfer and control of goods is supported by a local network of information systems and modal infrastructure.”³

This discussion succinctly describes the role of the RTRR in providing its proposed array of transport services. The gains to be realized have their genesis in “better planning, terminal rationalization, more effective use of information technologies, and asset management strategies....”⁴ Clearly, the development of the RTRR and its proposed menu of services falls well within the mainstream of what the experts say must

² “FHWA Freight Theme Paper 5,” found at www.ops.fhwa.dot.gov/freight/theme_papers/Final_thm5_v4.htm

³ *Ibid*, page 6

⁴ Theme Paper 6, “Intermodal”

occur in order for the transportation system to handle the anticipated growth in freight, given the fixed nature of rail and highways.⁵

Success of the RTRR, then, will result in lower costs, resulting in shippers becoming more cost competitive. For the same cost, they will be able to reach businesses farther away than those they currently reach. Similarly, Detroit's web of vendors will reach beyond its current level. This increased competitiveness should attract additional shippers to the area where RTRR's services are available. In particular, given the importance of the auto industry in the region, RTRR's success will contribute to the auto manufacturers, i.e., Michigan's largest employers, becoming more efficient and hence, more competitive. Ultimately, then, this increased efficiency will result in increased traffic for the national railroads.

In addition to the direct benefits to RTRR and its shippers discussed thus far, the indirect benefits to the region should also be recognized:

1. The existence of the RTRR has the potential to remove long-haul traffic from the region's highways. The RTRR would attempt to replace these over-the-road moves with local drayage to access, from a single point, the lines of several Class I railroads that serve Detroit. Removed from the highways would be incremental congestion, accidents, pollution, highway wear and tear and unnecessary consumption of fuel.

Of great importance is that over-the-road drivers would be replaced by local drivers. There has been, and will continue to be, an over-the-road driver shortage,

⁵ The Federal Highway Administration has sponsored the preparation for nine working papers on the trends and issues affecting freight transportation. See: www.ops.fhwa.dot.gov/freight/theme_papers/theme_paper_idx.htm

contributed to in part by driver unwillingness to be away from home overnight. To the extent that regionally originated traffic is drayed to RTRR, and then transferred to the national rail network, the necessity for those over-the-road drivers is eliminated. This could, in turn, help to ease the current shortage of long-haul drivers.

2. The elimination of incremental wear and tear on Michigan's highways, as well as on other regional facilities,⁶ will contribute to the attempt of these states to improve the condition of their highways and bridges. For example, MDOT "Facts and Figures," published September 2000, reports that of a total of 4,325 roadway bridges on the state highway systems, 974 or 22.5 percent are structurally deficient; 21.5 percent of local systems bridges are structurally deficient. Similarly, of approximately 12,000 pavement miles, approximately 3,000 were classified by the State as poor. Hence, the conversion by RTRR of over-the-road traffic to the rails will reduce the pressure on the ability to maintain the region's infrastructure.

3. To the extent that the innovative services of RTRR result in added net employment, and that fact lowers the costs of transport in the region and ultimately attracts additional industry, these activities will result in added positive impacts (a multiplier effect) on the Detroit area.

Consider the impact upon employment of RTRR's activities. Not only will RTRR create direct jobs⁷ as a result of its services, but the purchases of goods and services by those directly employed will result in induced jobs (grocery stores, health

⁶ In a report on Indiana's infrastructure entitled "Local Government Transportation Needs Assessment," dated January 2001, it was stated that "Indiana's aging roads and bridges represent a microcosm of the national transportation infrastructure, which contains about 500,000 bridges, many of them obsolete. Source: news.uns.purdue.edu/UNS/html3month/010202.Martin.roadsReport.html

⁷ Ordinarily, the number of direct jobs created by RTRR would be reduced by the over-the-road job losses of displaced truck traffic. However, given the recognized shortage of over-the road drivers, we expect that they will be absorbed elsewhere in the industry.

care providers). Those firms supplying RTRR will hire additional personnel to serve RTRR (indirect jobs). Each of these jobs involves re-spending of income. Businesses supplying RTRR, in addition, make purchases from their suppliers. Both firms and employees pay state and local taxes which are, in turn, re-spent.

The economic impact of a likely increase in employment is often computed for geographic areas or political entities, be they states, cities, airports, public and private terminals, or enterprise zones. To do so, some investigators employ the results of Input-Output analysis, based on studies often conducted by the federal government. It is possible to summarize how an increase in, for example, employment affects, both directly and indirectly, the level of employment in the geographic area. Thus, the positive employment multiplier in this case would measure the overall increase in employment in the Detroit region as a consequence of the increase in employment resulting from RTRR. Similarly, it can be anticipated that regional earnings will increase as a result of the contribution to earnings of RTRR.⁸ While I have not endeavored in the limited time available to calculate the precise impacts of RTRR on the area, they are likely in my view to be positive.

4. The RTRR provides an opportunity to encourage private investment for the further development of intermodal infrastructure. At a time of growing government involvement in intermodal infrastructure, it is refreshing and valuable that private

⁷ Ordinarily, the number of direct jobs created by RTRR would be reduced by the over-the-road job losses of displaced truck traffic. However, given the recognized shortage of over-the road drivers, we expect that they will be absorbed elsewhere in the industry.

⁸ See, for example, Gregory A. Davis, "Economic Impact of the By Cyrus/Crawford County Enterprise Zone," [http://crawford.osu.edu/cd/\\$impact.htm](http://crawford.osu.edu/cd/$impact.htm); Bureau of Economic Analysis, "Regional Multipliers from the Regional Input-Output Modeling System (RIMS II): A Brief Description," www.bea.doc.gov/bea/regional/rims/brfdesc.htm

enterprise is willing to commit its own dollars. Such efforts should be encouraged as a matter of sound public policy.

Conclusion

The RTRR, as planned, is a commercially viable enterprise, likely to result in measurable private benefits to its investors and shipper customers. In the process, the region, and the Detroit area in particular, will benefit from the innovations which it is poised to introduce.

VERIFICATION

I, Irwin Silberman, hereby declare under penalty of perjury that the foregoing statement is true and correct to the best of my knowledge. Further, I certify that I am qualified and authorized to file this verified statement.

Irwin H. Silberman

March 6, 2002

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 34040

**RIVERVIEW TRENTON RAILROAD COMPANY --
PETITION FOR AN EXEMPTION FROM 49 U.S.C. § 10901
TO ACQUIRE AND OPERATE A RAIL LINE
IN WAYNE COUNTY, MICHIGAN**

VERIFIED STATEMENT OF JOHN MACGREGOR

My name is John MacGregor. I am President of Transdevelopment Corporation and have been a partner in the company since its founding in 1987. My business address is 100 Hartsfield Center Parkway, Atlanta, Georgia 30354. Transdevelopment specializes in transportation studies and terminal planning and construction. The firm has been involved in over sixty completed rail freight transportation terminals, and two hundred additional studies of projects throughout the world. Our clients include the top five Class I railroads. We have also worked for the Association of American Railroads (AAR), for whom we have developed model facility planning criteria. Prior to 1987, I was Director of Real Estate for Industrial Development Resources in Seattle, Washington. Between 1978 and 1986, I was Manager of Special Projects for the Port of Portland, Oregon. I have a B.A. degree from the University of Colorado and an M.A. degree from the University of Washington, Seattle.

Because of my experience in planning and development of multi-modal facilities, Riverview Trenton Railroad (RTRR) has asked me to provide this statement explaining the criteria used in selecting a site for an intermodal terminal and demonstrating that the RTRR site not only meets, but also exceeds, those criteria.

In the course of completing transportation terminals and other studies, Transdevelopment has identified several consistent trends or characteristics that should be kept in mind in evaluating proposed projects of this type. These include the size and shape of the parcel being considered; the condition of the site; the multi-modal needs of the area to be served, and the accessibility to all modes of transportation. In the statement below, I explain the importance of each of these criteria and show that, based on my knowledge of the Detroit area and of the proposed site, the RTRR facility is ideally situated.

A critical factor in modern railway facility planning is the availability of elongated, self-contained sites. The footprint of a modern facility needs to be one to two miles in length so that facility tracks of 4,000 to 6,000 feet can be accommodated. In addition, a support yard of equal length is also required to enable the make up of trains before departure, or to receive them from the main line. The seventy-six acre parcel of the former McLouth Steel Company property has ample space to satisfy this criterion.

Another important factor to consider is whether the track "tail" necessary to connect the support yard from the facility must cross a public street at grade. Many existing terminals have this flaw. Slow-speed back-and-forth train movements are very disruptive to local street traffic and frustrate the facility's street access as well. As it is rare to find a site two or more miles in length without an intervening public street, a railroad overpass or underpass is therefore a key ingredient in actually making sites practical for modern investment. The Riverview/Trenton site selected for the RTRR's facility is well suited for such a facility because it has an existing railroad overpass at its southern end, which provides a connection to the adjacent Class I railroad mainlines. This means that a support yard can be placed alongside a future facility, and the railroad overpass can be used as a "tail" without disruption to local street access or traffic.

A second major consideration in selecting an intermodal facility site is the condition of the site itself. Railway terminals work best on flat sites, which provide the optimal railroad grade – *i.e.*, completely level. Beyond that, the general characteristics of rail development are very amenable to the use of so-called “brownfield” sites. Brownfield sites are old industrial sites that have fallen into disuse, often because of contamination that requires remediation. These sites are well suited for terminal facilities. Typical intermodal facilities have large areas of pavement, which can be part of the “capping” strategy of environmental remediation. Asphalt is economical and provides a surface that is least likely to allow seepage. Moreover, sheet drainage is preferred for such facilities, which eliminates excavations to place storm sewer pipes, and collects water at isolated basins where water quality can be monitored and releases properly contained.

The most important benefit of a brownfield development with a lower intensity use, such as a railroad freight terminal, is that it returns derelict property to productive use, while easing off on the offsite traffic impacts that the former plant often created. This allows the “transfer” of unused traffic and utility impacts to other development projects in the vicinity. Of most importance, the pressure to consume other urban or rural land with the project’s requirements is eliminated, promoting both local and regional land use planning goals.

A third critical consideration is whether the site is located in an area where multi-modal transportation is needed. Transdevelopment has built several railway terminal projects in Detroit, some within five miles of the RTRR site. We have also studied various proposed projects in the area. Based on my knowledge of the Detroit area, I am aware that there has been considerable industry discussion in various circles concerning the need for additional *intermodal* facilities in the Metropolitan Detroit Area. The obvious target market for any new facility is the automotive industry. This cargo is a bedrock of the containerized intermodal freight market throughout North

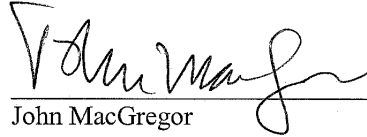
America. Yet, ironically Detroit is relatively underserved by container terminals. Some area terminals are congested and suffer from design flaws such as track tails that cross streets at grade. As a result, today, a great deal of freight is trucked beyond Detroit, which produces negative environmental impacts, including excessive fuel consumption, air pollution and traffic congestion on the nation's interstate highways.

Another important asset in an intermodal facility is access to water as well as rail and truck. An advantage of the Riverview/Trenton site is the availability of access to the Great Lakes shipping channels and the existence of a ship berthing infrastructure. Effective connections between a rail freight terminal and the waterfront will provide synergies for future plans at the site, should that be needed.

Transdevelopment has done extensive site planning for the RTRR facility. Based on that work, we have concluded that the site more than adequately meets all of the major general criteria in selecting a site for an intermodal facility in the Detroit Area. Not only does it meet the critical land use criteria, but it also has access to *three* Class I railroads and the interstate highway network. Thus, I can say with confidence that the site selected for the RTRR project is very desirable for its intended use, meets a long recognized need for a facility of this type, and will be capable of providing benefits to shippers in the Detroit area.

VERIFICATION

I, John MacGregor, hereby declare under penalty of perjury that the foregoing statement is true and correct to the best of my knowledge. Further, I certify that I am qualified and authorized to file this verified statement.


John MacGregor

3-1, 2002

**BEFORE THE
SURFACE TRANSPORTATION BOARD**

Finance Docket No. 34040

**RIVERVIEW TRENTON RAILROAD COMPANY --
PETITION FOR AN EXEMPTION FROM 49 U.S.C. § 10901
TO ACQUIRE AND OPERATE A RAIL LINE
IN WAYNE COUNTY, MICHIGAN**

**VERIFIED STATEMENT OF
RICHARD A. J. DUFFIELD**

My name is Richard A. J. Duffield. I am a Vice President of Consoer Townsend Envirodyne Engineers, Inc. ("CTE"), located at 303 East Wacker Drive, Chicago, Illinois. CTE is an engineering firm that provides transportation and environmental engineering services. CTE has designed transportation systems for air, express, highway, railroads and transit systems throughout the United States. I have been a civil engineer for nearly 30 years. I earned a Degree in Civil Engineering at London University, in London, U.K. in 1972. For the past 21 years, I have been Head of the Railroad Department at CTE. In that capacity, I have evaluated numerous sites and designed tracks for numerous CTE clients.

The Riverview Trenton Railroad (RTRR) has selected CTE to evaluate the suitability of the proposed site of the RTRR shortline and intermodal facility in the Detroit area and to design the track layout within the facility. In that regard, our firm has prepared a feasibility engineering review and layout for the RTRR shortline and intermodal terminal. The purpose of this statement is to present CTE's conclusions based on the work that we have performed.

The RTRR proposes to rehabilitate track for use as a shortline and to construct a railroad accessible container storage facility/rail loading facility in the Detroit Metropolitan Area. The selected site is a portion of the former McLouth Steel Company in Wayne County in Southeast Michigan. My staff and I have visited the site, reviewed the proposed plans and discussed with RTRR personnel the past and proposed uses of the property. The conclusions set forth herein are based upon a review of the site, and the information and documentation provided to CTE by the RTRR. As discussed more fully below, based upon the review noted above, CTE has concluded that the former McLouth Steel Company property is an ideal site for the proposed facility because of its size and location, and its proximity to three Class I railroads and to the interstate highway system.

I. The Location, Size and Terrain of the Site is Ideal for the Proposed Use

The site selected for the proposed RTRR/intermodal facility is, to the best of our knowledge, on property previously owned by the McLouth Steel Company and runs along the Detroit River. The site is located in Wayne County in Southeast Michigan, approximately twelve miles south-southwest of downtown Detroit, and is partially located in the Cities of Riverview and Trenton, Michigan. The property is located in an area that is zoned industrial and there are other industrial uses in the vicinity, which means that no rezoning is necessary before the property can be developed for use as a storage and intermodal loading facility. The land has been in continual industrial use for years and there is existing rail infrastructure on the property that was constructed for a prior industrial use.

The site has been cleared of previous development and is therefore open and available for redevelopment. The land is level, and CTE understands that there is certain ongoing remediation on the site. It is our understanding that the Board's Environmental Assessment did not find any

environmental problems that would preclude the development of the proposed site for the intended use.

The overall shape and size of the site (approximately 76 acres) makes it ideal for an intermodal and transfer facility. Raw materials and manufactured products can be shipped into and out of the location by rail with high efficiency. There is ample space for loading and unloading rail cars, for storage of containers, for transfer to trucks, and for performing other rail terminal operations as proposed for the RTRR. The site is in close proximity to several major auto plants, which are the primary anticipated recipients of the facility's services.

II. The Site's Proximity to the Several Class I Railroads Makes It Ideal for Promoting Use of the Facility by Multiple Railroads

The concept of the proposed RTRR container storage/rail loading facility is to attract new rail business to the Detroit Metropolitan Area through an intermodal facility that will service multiple railroads. The proposed RTRR site is ideally situated for that purpose because it has access to three major railroads, CSX Transportation (CSXT), Norfolk Southern (NS) and Canadian National (CN). All three are Class I freight railroads which, through trackage rights, connect to all major cities in the United States and Canada. In addition, the Conrail Shared Assets, which are owned in part by both CSX and NS, operate a substantial railroad network within the Detroit Metropolitan Area. Moreover, the rail infrastructure that is already on the property has existing connections to these three railroads, which provides ready access to the rail system. The easy accessibility of these railroads to the site will greatly enhance the likelihood of the facility attracting new rail business.

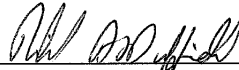
III. The Site's Proximity to the Roadway Infrastructure Is Ideal for the Proposed Use

The proposed site is also ideal for access by truck. The site is located near and with easy connections to I-75, and from I-75 to other interstate highways. The proximity to I-75 makes the facility easily accessible for receipt and delivery by trucks. The access to the interstate highway system means that trucks distributing auto parts and other products brought into the facility by rail to local manufacturers will be able to move much of the way over the interstate highways rather than over local roads. This will help avoid excessive traffic on local roads. The unique relationship between the site and the interstate system make it an excellent location of a possible shipment location of automobile parts and assembly parts.

CTE concludes that, based on its analysis of the site as described herein and the intended use of the site, the proposed site is ideally suited for the development of an intermodal facility with rail as the primary means of delivering material in intermodal containers and trucks as the primary means of distributing the material and goods to local manufacturing plants.

VERIFICATION

I, Richard A. J. Duffield, hereby declare under penalty of perjury that the foregoing statement is true and correct to the best of my knowledge. Further, I certify that I am qualified and authorized to file this verified statement.

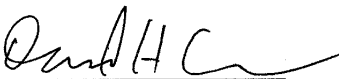


Richard A. J. Duffield

March 5, 2002

CERTIFICATE OF SERVICE

I hereby certify that on the 7th day of March, 2002, a copy of this Response of Riverview Trenton Railroad Company to February 15 Request To Supplement Record was served by hand delivery (to persons in Washington, DC) or federal express upon counsel for all parties of record.


David H. Coburn