

Joint Committee of Appropriations on Transportation

Scott Saylor

President, North Carolina Railroad Company

March 18, 2015



WHO WE ARE

Our Mission

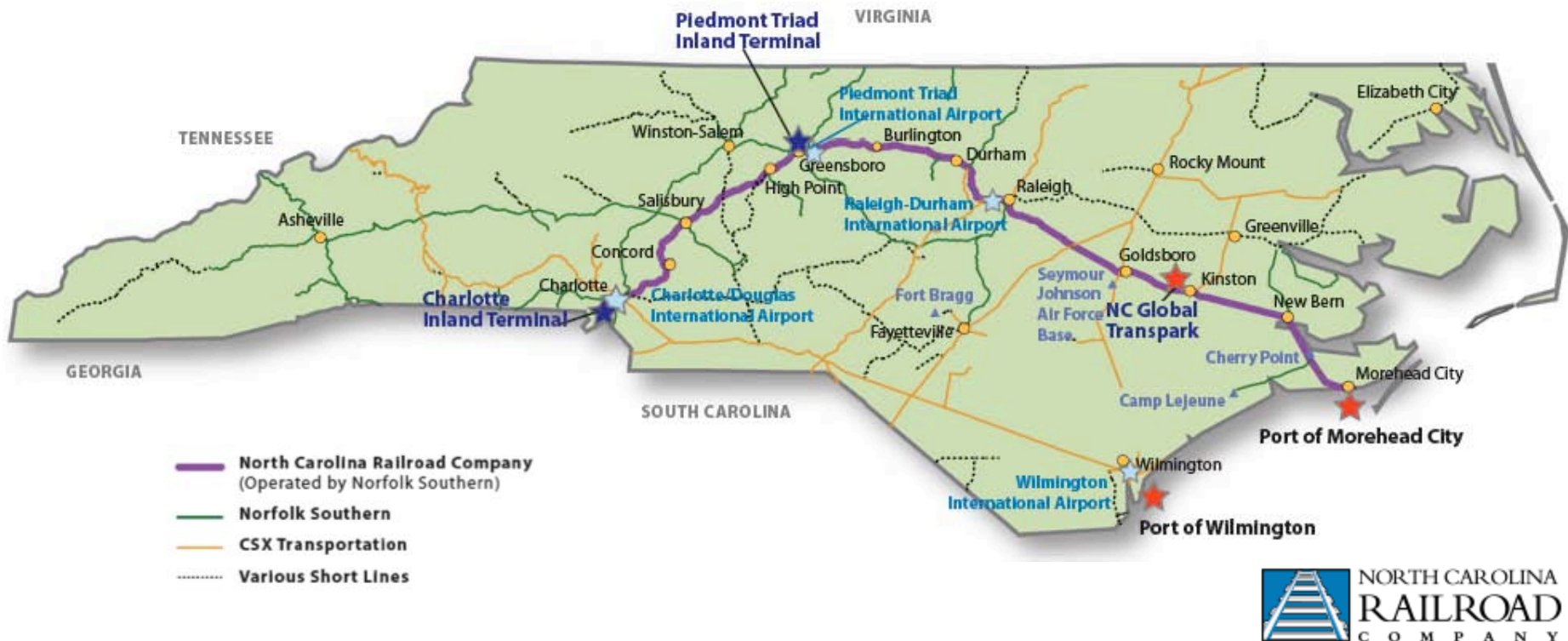
To develop the unique NCRR assets for the good of the people of North Carolina, our single shareholder

Our Vision

To improve our state by enabling freight to grow business, expanding rail to move people, and investing in North Carolina

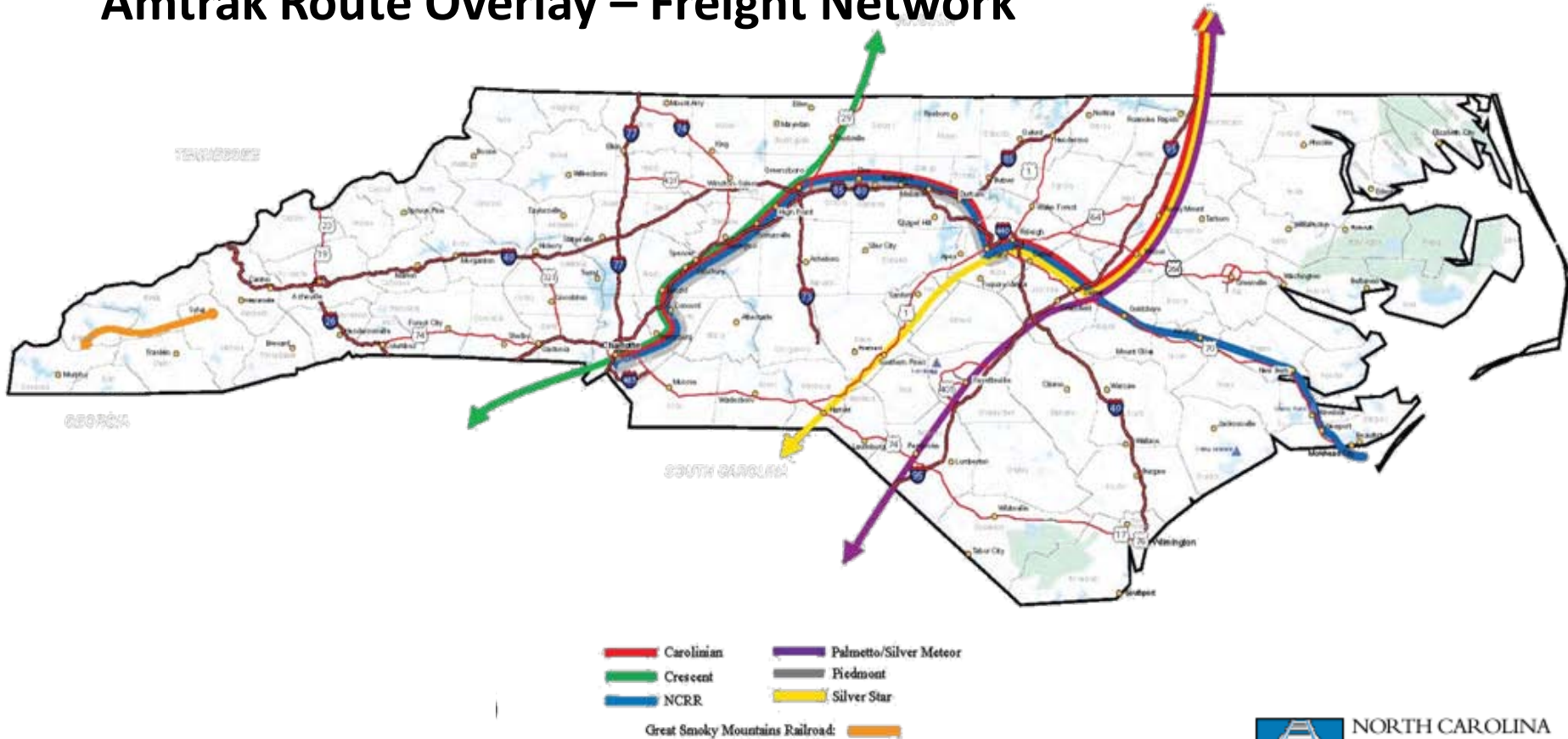
WHO WE ARE

We manage the assets and capital of the 317-mile rail corridor between Charlotte and Morehead City



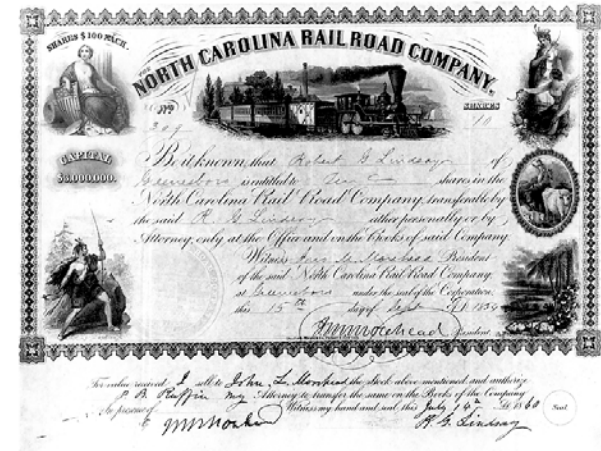
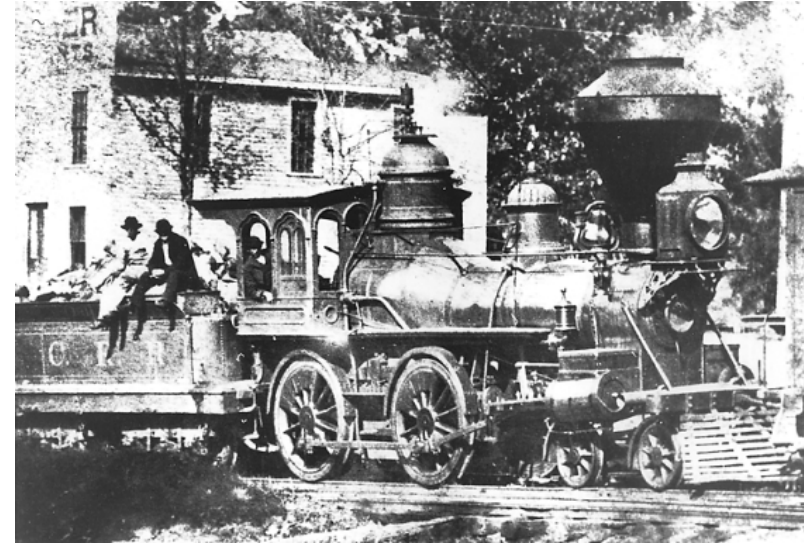
WHO WE ARE

Amtrak Route Overlay – Freight Network



COMPANY HISTORY

- Business corporation chartered in 1849
- Founded with both private and state stock owners
- Operated by Southern Railway under a 99-year net lease, which expired in 1995
- Remaining private shares acquired in 1998 (\$71 million)
- New (net) agreement with Norfolk Southern in 1999; Renewals to 2044



WHO WE ARE

We've been a unique part of the state's transportation system for 166 years

- Private/Public Structure
 - A private corporation with stock owned by the state
- Revenue-Generating for Economic Development & Infrastructure
 - Approx. \$12 million annually in infrastructure and economic development capital (incl. dividends)
- Operates with Private, Non-Taxpayer Money
 - Receives no state appropriations
- Assets Part of Tax Base
 - Generates nearly \$2 million in property tax revenue annually

ORGANIZATION

- 13 member Board of Directors
 - 4-year staggered terms



- Long-term, renewable lease with Norfolk Southern that runs through 2044.
 - Lease generates approximately \$12-14 million each year in working capital
 - Corporate revenue funds NCRR's capital investments and expenses (14 employees)

NCRRR pays an annual dividend to the State

- December, 2013 - one time payment of \$15.5 million
- January, 2014 – annual payment of \$3.6 million
- February, 2015 – annual payment of \$3.7 million

Total dividend payments since Dec, 2013 = \$22.8 million

- Per G.S. 124-5.1 (S.L. 2013-360) dividend payments are deposited by State into the Freight Rail & Rail Crossing Safety Improvement fund administered by the NCDOT Rail Division

NCRR ASSETS

- 317-mile, 200-foot wide corridor from Charlotte to Morehead City
- Stations & Buildings
- Yards & Maintenance Facilities
- Other Land & Property



NCRR PROPERTY

- Original corridor: 7,662 acres
 - Roadways in the corridor: 460.1 acres
- Corridor additions (since 1800's): 189.5 acres
- Other property (since 1800's): 203.2 acres

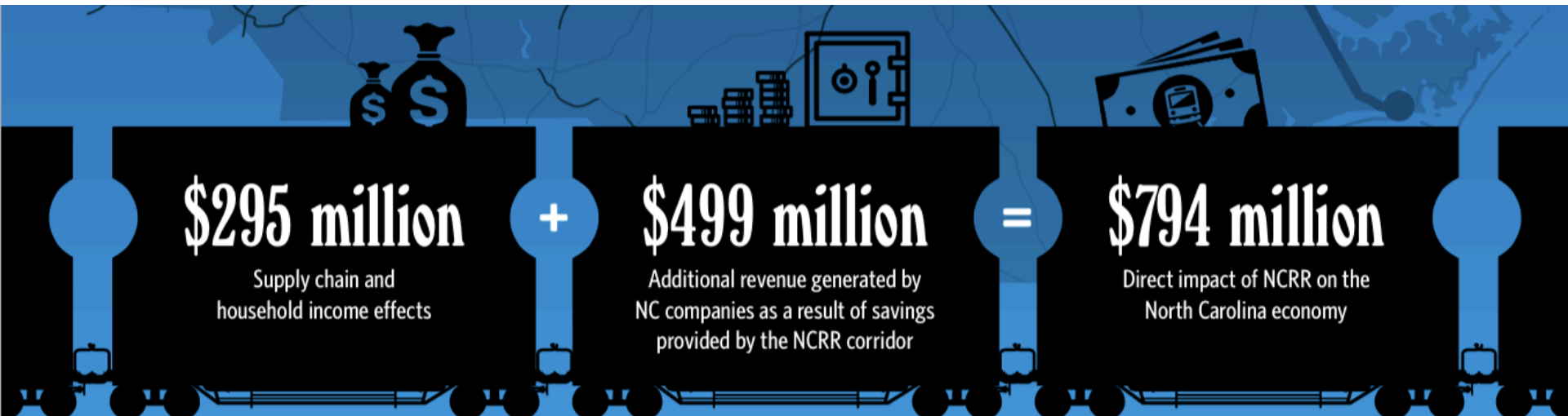
All NCRR property is included in ad valorem tax base (city/county)

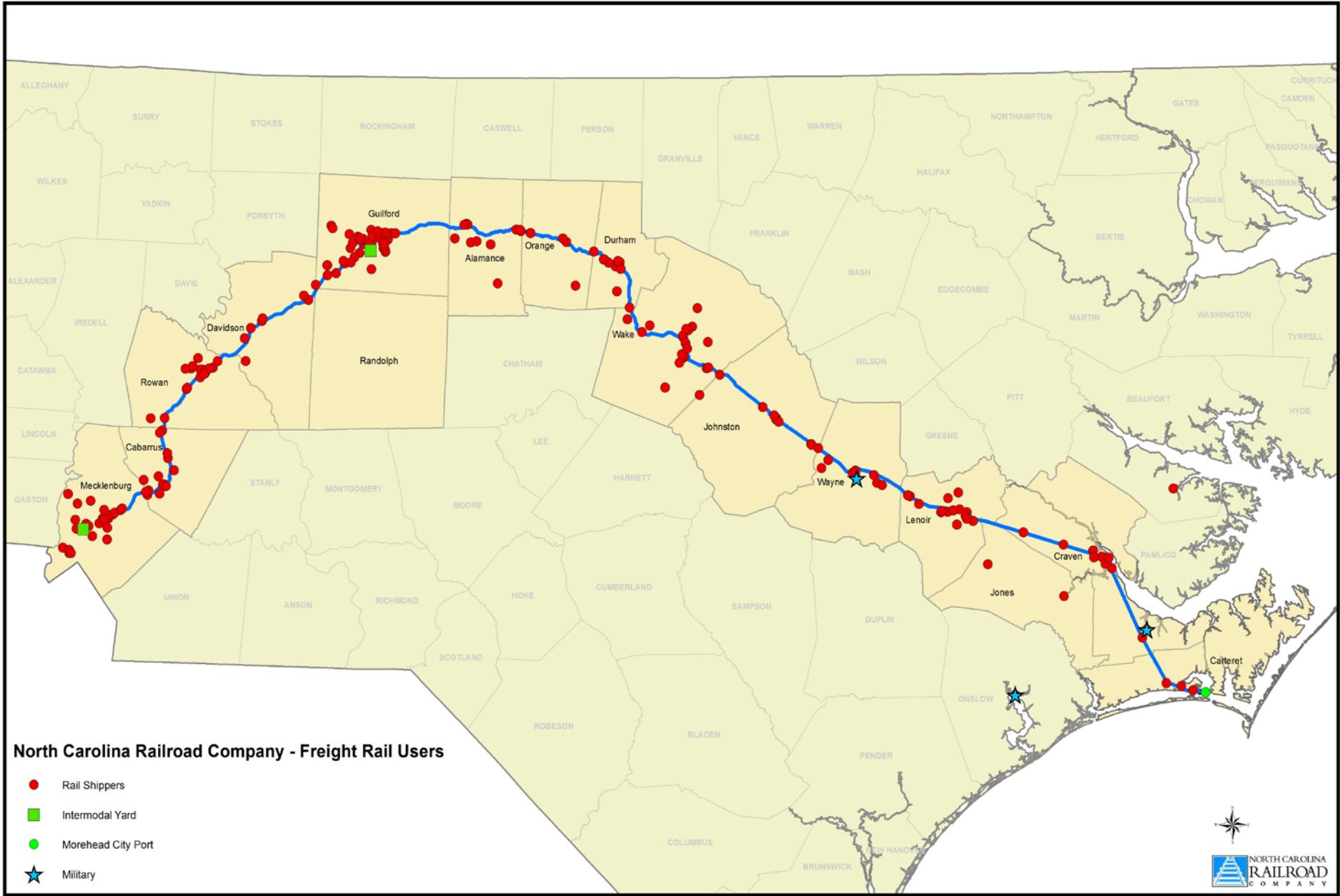
Making the most of a valuable asset

- **Economic Development:** Leveraging assets to bring in jobs and business opportunities
- **Capital Investments:** NCRR invested \$80 million over the past 13 years to improve and expand rail infrastructure
- **Unique Structure:** Business structure and flexibility to serve the people of the state to create jobs
- **Direct and Indirect Revenue Contribution:** Rail and infrastructure improvements and dividend

ECONOMIC IMPACT

We help pump \$800 million dollars of economic benefit into the state's economy *annually*





ECONOMIC IMPACT

Our impact is statewide

100+ North Carolina employers

Rely on NCRR lines to conduct business

159,000 carloads + 188,000 containers = 11.4 million tons

Freight traffic originated or terminated on the NCRR corridor

\$80 million Invested by NCRR alone in capital improvements to enhance safety and efficiency since 2001, plus partner investments



Our Strategy for the Future

- **Increase business development investment to create competitive advantage for NC**



- Freight customer (track) access
- Partnerships with Local Economic Developers to protect rail-served industrial sites
- Planning for infrastructure expansion over the long term for the main corridor – double and triple tracking where justified

- **Evaluate other investments that have economic development catalyst potential, such as inland terminal or hub expansions**
- **Promote safe access in urban areas to protect through routes**
- **Ensure rail operations growth while supporting population boom within the state**

Strategic Plan Implementation – Property Assets

- Non-Corridor Legacy Key Properties under evaluation and negotiation for Sale/Exchange
- Focus on reinvestment into Industrial Property to better align with Strategic Plan Job Creation Goals
- Rail Site availability is declining in NC – urban growth

PARTNERSHIPS & INVESTMENTS



New and Expanding Industry



NC Main Street Program



PARTNERSHIPS & INVESTMENTS

Committed investments:

- NCRR currently has over \$96 million in investments committed through 2019
- Since 2001 NCRR has invested over \$80 million in improvements to the railroad



PARTNERSHIPS & INVESTMENTS

Investment in action:

Sanderson Farms Expansion

- NCRR improvements helping support business expansion in N.C.
- 1,500 jobs announced in 2008 (now over 1600 jobs)
- 1,100 new jobs announced March 12
- Rail-served grain delivery in Kinston along NCRR will serve both operations



Sanderson Farms, Kinston

PARTNERSHIPS & INVESTMENTS

Investment in action: Cambro

- Cambro is building a facility in Alamance County, bringing 100 jobs and \$34 million in local investments
- NCRR is investing \$750,000 in a lead track to serve Cambro and spark wider development for rail
- NCDOT gave \$200,000 from NCRR dividends to help build spur track as incentive




Cambro Groundbreaking at NCIC in Mebane, May 2014

Investment in action: Additional capital investment

- In 2014, NCRR approved \$13 million in new economic development investments
- These investments will expand rail access, improve safety and sustain rail projects from Mecklenburg County northeast to Durham County and southeast to Wake and Craven Counties
- With a focus on improving freight infrastructure, these investments highlight the new strategic plan's emphasis on job creation and retention

Looking forward, here's what we'll do under our Strategic Plan:

- Collaborate with all our partners, including the economic development community, to expand the manufacturing base of the state and create high value jobs
- Create new partnerships with economic developers and state agencies to attract development and give NC a strategic advantage in attracting jobs
- Commit to a new focus on capital investment in freight that spurs development both on and off the corridor
- Work with NCDOT and local entities to support the growth of passenger service in key markets



THE ROAD TO LONG-TERM
JOB CREATION
IS MORE THAN JUST A ROAD.



NORTH CAROLINA
RAILROAD
C O M P A N Y