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Rail Freight System Study Project Summary

February 14, 2012



Agenda

- > Project Overview
- > Existing Conditions
 - Demographics
 - Freight Activity Centers
 - Supporting industries
- > A Growing Demand
- > Summary of Recommendations
- > Discussion



Project Overview

- > Purpose: To develop an understanding of regional rail freight movements and demands and to identify revenue opportunities for METRO rail properties within the regional rail freight network.

- > Goals & Objectives:
 - Determine a framework for how to institutionalize freight demands into the overall METRO planning process
 - Establish the basis for future METRO freight planning efforts
 - Identify policies, strategies, and projects that can be implemented by METRO to strengthen regional economic development opportunities

Existing Conditions

> SWOT Analysis

Strengths

- Regional Transportation Authority
- Capital formation capacities of government
- Ability to provide insurance as a public entity
- Ability to form public-private partnerships and leverage resources to foster enhanced economic development opportunities

Weaknesses

- Lack of corporate capacities for rail development and management
- Not a core capacity of the transit agency
- Lack of brownfield and other industrial redevelopment skills among local and regional governments

Opportunities

- Increasing costs of gas
- Renewed interest in rail opportunities in the nation, state and region
- Location of Akron Secondary as congestion relief for freight network
- Developing transportation economies
- Developing local economies

Threats

- Decay of capital investment
- Lack of local understanding of rail's potential for economic development
- Rail perceived as a threat
- Local planning & zoning are not always consistent with rail needs
- Suburbanization

Existing Conditions

> Stakeholder Interviews

Some key findings

Growing demand in the plastics & polymer industries.

Potential demand for dry cement & sand movement for Utica Shale drilling.

Need to leverage METRO resources to enhance regional ED initiatives.

Need to create framework for regular meetings to discuss ED.

Significant congestion at Seasons Road – rail can reduce truck traffic

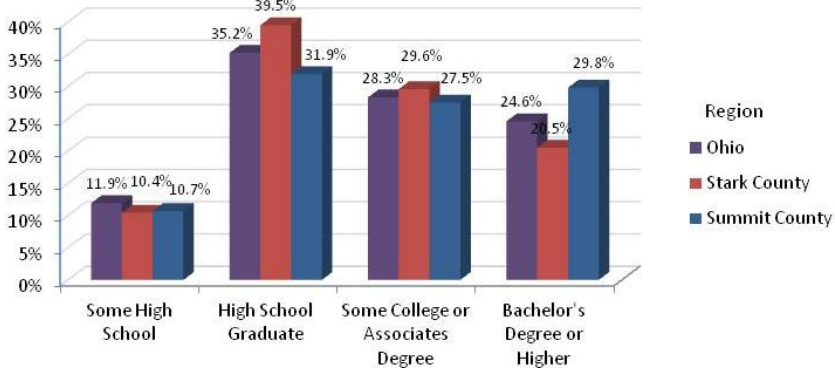
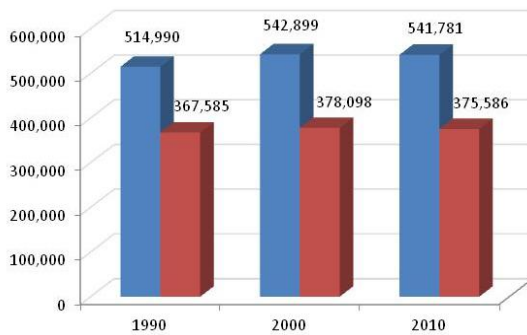
Akron Secondary needs significant upgrades (weeds, tree growth etc.); could fill needed connections among various RRs; opportunity for bulk transload facility.

Freedom Secondary is cut off from Norfolk Southern by multiple fragmented owners between the METRO line and the Norfolk Southern connection.

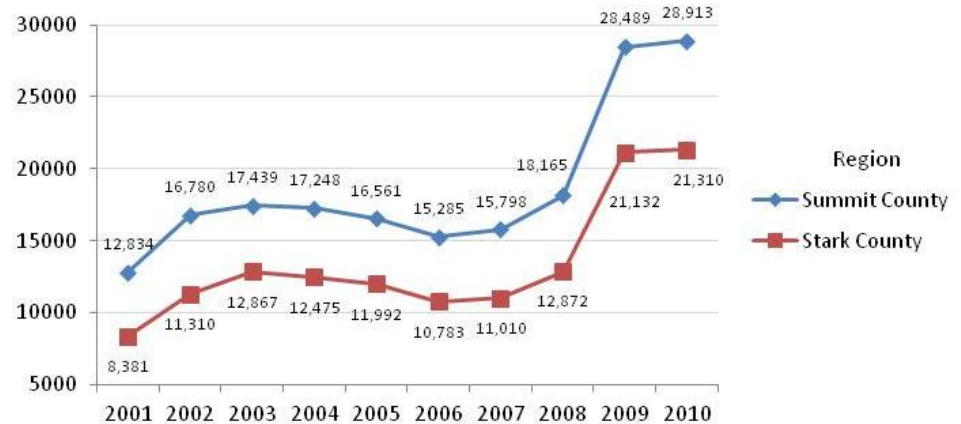
Existing Conditions

> A stable, skilled, innovative labor force that has prior experience in both rail and rail-dependent industries.

Stable, Skilled Population



+ Higher than Normal Unemployment



= an able and ready workforce?



Existing Conditions

- > Akron Secondary and Sandyville Lines pass through 11 communities
- > Existing land use and zoning patterns indicate the opportunity for six “Freight Activity Centers”

Freight Activity Center	Potential Freight-Generating Parcels within ½ mile of	
	METRO Rail Lines	Total Acres
Canton	78	131
Jackson	60	293
Green	1	4
Massillon	7	118
Akron	442	1,289
Hudson	57	459
Total	645	2,294
33% of sites covered by industrial buildings*		757 acres
Total square feet of industrial development within FACs		32,975,791
Potential employees at full build-out**		65,952

* Conservative estimate based on City of Green zoning ordinance which states that 33% of a parcel can be covered with buildings.

** At 1 employee per 500 square feet.

Existing Conditions

- > Analysis of the industrial market in Stark and Summit Counties
 - cluster analysis, gap analysis, location quotient analysis and shift share analysis.
 - Chemical, stone, metal products comprise nearly 21% of all commodity shipments in Ohio.
 - Fabricated Metal Product Manufacturing; Primary Metal Manufacturing; Manufacturing Supercluster; and Electrical Equipment, Appliance and Component Manufacturing.
 - Competitive advantages for manufacturing companies to locate in the region.

Growing Demand

- > Existing requests for rail
 - Specialty Metals Processing, Inc.
 - Adding 190,000 sq. ft. of new space, with ability to expand to 350,000 sq. ft.
 - Anticipating up to 100 new jobs
 - Necessitates rail to move product in and out.
 - Patriot Energy
 - Expressed interest in locating adjacent to Specialty Metals because of connections to Class 1 railroads.
 - Cost Estimate: \$1.4M



Images representative of current conditions along the Akron Secondary

Growing Demand

> Utica Shale

- Could be important to growth along Akron Secondary & Sandyville Lines
- Stark County: over 4,300 leases for 2010 & 2011
 - 191 within municipalities along Sandyville

Stark County Municipality with Sandyville Line	Gas Drilling Leases
City of Canton	12
Jackson Township	85
Plain Township	94

- If Marcellus Shale trends hold for Utica Shale, then rail will be an important component to the movement of product:
 - NS moved roughly 6,000 carloads in 2009
 - In 2010 that volume had grown to 24,000 carloads

Summary of Recommendations

Physical

Complete transload facility study at Hudson FAC

Repair/replace bridges along Sandyville Line

Develop mapping inventory

Inventory brownfield sites

Purchase segment at north end of Akron Secondary

Explore feasibility of connecting Sandyville Line to the Akron-Canton Airport



Summary of Recommendations

Political & Economic Development

Establish Task Force for regional rail development

Maintain rail viability at Massillon Road Ind. Park

Develop strategy to participate in Utica Shale growth



Summary of Recommendations

Management & Operations

Restructure policy to allow METRO to develop long-term contracts

Educate local governments about value of rail

Develop a strategy and administrative capacity to manage all aspects of freight rail operations, infrastructure maintenance and economic development .

Option 1: Lease the Akron Secondary and Sandyville Lines to a Short Line Railroad

Option 2: Form a Partnership with a Short Line Operator

Option 3: METRO Operates the Akron Secondary and Sandyville Lines as a Short Line Railroad

Recommended: Option 2



Phasing & Implementation

Action	Priority	
Develop a strategy and administrative capacity to manage all aspects of freight rail operations, infrastructure maintenance and economic development	Highest	
Establish a Task Force to coordinate regional rail development	Highest	
Complete Transload facility study at Hudson FAC	Highest	
Repair/replace bridges along the Sandyville Line	High	
Work with the City of Akron to maintain rail viability at the Massillon Road Industrial Park	High	
Restructure policy to allow METRO to make long-term agreements	High	
Develop a strategy to participate in the emerging Utica Shale gas industry	High	
Develop mapping inventory of all METRO-owned properties and rights-of-way	High	
Educate local governments on the value and importance of protecting rail opportunities in the region	Medium	
Purchase line segment at the north end of the Akron secondary connecting with Norfolk Southern	Medium	
Develop inventory of brownfield sites along Akron Secondary and Sandyville lines	Medium	
Explore the feasibility of connecting the Sandyville Line to the Akron-Canton Airport	Low	

Next Steps

- Edit draft