YEAR IN REVIEW 2017

POWERING
THROUGH CHANGE
AMERICAN SHORT LINE AND REGIONAL RAILROAD ASSOCIATION
# Year in Review 2017

**Powering Through Change**

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A Message from Our President and Chair

In 2017 our members grappled with the challenges of new technology on the horizon, cybersecurity, use of big data, Positive Train Control (PTC) mandates, increased pressure from trucking competition, Class 1 railroad leadership and strategy changes and the resulting ripples throughout the rail network. At the same time, the Trump presidency was creating uncertainty on Capitol Hill as an Administration that was not steeped in political tradition and with whom Congress was often at odds, sought to undo the regulatory framework of the Obama years, and bring about tax reform.

During a time of potentially transformative change, the association leadership called for a strategic planning process to develop a clearly communicated strategic mission, supporting objectives, and an action plan to ensure the industry and the association are on the best path to success. The Strategic Plan, adopted in 2017, will guide the Association over the next several years, ensuring the continued success of the short line industry.

2017, although filled with uncertainty, saw key successes, such as the passage of the most significant tax bill in thirty years, and a roll back of regulations, which will benefit our members. Our members stepped up, forming new committees to address the changes, working on initiatives such as PTC and technology, and providing critical feedback as part of our Strategic Plan. Our Safety and Training Committee worked all year to develop a response to the new Training Rule (49 CFR, Part 243), including new templates for small business short lines.

Our Regional Meetings and our CONNECTIONS Convention provided our members with the opportunity to be educated on technology, regulatory, and legislative impacts to their businesses, share best practices, and to network.

We welcomed Tom Murta as the Executive Director of the Short Line Safety Institute, and celebrated a milestone event – one year fatality free on short lines. It has been my pleasure to lead our organization this year. I am humbled by the passion, the engagement, and the drive of our members to better their businesses and their industry. I look forward to advancing our agenda in 2018.

Linda Bauer Darr
President

“Our Strategic Plan, adopted in 2017, will guide the Association’s work, ensuring the continued success of the short line industry.”

Judy Petry
ASLRRRA Chair

“I am humbled by the passion, the engagement, and the drive of our members to better their businesses and their industry.”
The Battles We Fought

LEGISLATIVE AND REGULATORY WINS

The year began with a call from the Trump White House to roll back regulations. ASLRRA was quick to seize the opportunity to provide guidance, highlighting several initiatives that were not supported by an increase in safety, identifying ECP Brake requirements and the Train Crew Staffing Rule as candidates for repeal or stay. In November 2017, the ECP Brake Mandate was rescinded by the Department of Transportation (DOT).

For the first time in ASLRRA’s 100+ year history, we sued the DOT, positing that the “Train, Qualification, and Oversight for Safety-related Railroad Employees (DOT’s CFR 49, part 243) was overly burdensome, and not considerate of our small business standing as required by statute.” As a result of the work done by ASLRRA’s Safety and Training Committee, template training programs were approved for short lines by the DOT, and thus, on February 26, 2018 the action brought in the United States Court of Appeals for District of Columbia Circuit was dismissed.

On Railroad Day, March 2, 2017, over 450 railroaders and their shippers exercised their first amendment rights on Capitol Hill. Three hundred sixty-seven offices were visited. Our members shared the benefits of the Short Line Tax Credit to their businesses and communities, expressed their support of regulatory measures with proven safety benefits, and opposed bigger and heavier trucks on our nation’s already crumbling infrastructure.
**Legislative**

ASLRRA’s Legislative Policy Committee (LPC), chaired by Jerry Vest of Genesee & Wyoming Railroad Services, Inc., provides focused legislative leadership and tireless efforts on behalf of our members.

The Tax Cuts and Jobs Act, passed as 2017 came to a close, provided significant tax cuts to businesses, but did not address the 45G Tax Credit.

We continue to seek permanency of the Short Line Tax Credit, which has generated nearly $4B in investment opportunity since its inception in 2005. The Building Rail Access for Customers and the Economy (BRACE) Act, which would make the tax credit permanent, is supported by a bipartisan majority with 56 co-sponsors in the Senate and 260 in the House as of the printing of this publication.

**Grassroots**

Grassroots efforts are another way that ASLRRA members make their voices heard with their elected representatives. The short line story is best experienced first-hand with Congressmen able to meet the hard-working men and women of the railroad industry, and see the tangible benefits that upgraded rail and well-maintained track bring to the wide variety of industries that are served by rail in small town and rural America.

Short lines welcomed several members of Congress to their railroads in 2017, including Representatives Steve Womack (AR-03), John Carter (TX-31), Bruce Westerman (AR-04) and Jackie Walorski (IN-02).

*A conversation with Congressman Steve Womack (R-AR, 3rd District) during a tour of the Arkansas River Bridge with Arkansas & Missouri Railroad in Fort Smith, Ark. on May 12, 2017. Left to Right: Rep. Womack with Caren Kraska, Chairman of A&M.*

*Linda Bauer Darr testifies before the House Transportation & Infrastructure Committee, “Building a 21st Century Infrastructure for America: Rail Stakeholders’ Perspectives,” on October 4, 2017.*
Political Action Committee

ASLRRRA’s Political Action Committee (PAC) plays an important role in our efforts in Washington. In 2017, the PAC supported 40 candidates on both sides of the aisle, with over $80,000 in contributions from 157 individuals.

The PAC held a number of fundraising activities including a formal dinner at CONNECTIONS Convention, and three Kickin’ Back for the PAC events at regional meetings. The Pinewood Derby, also hosted at the CONNECTIONS Convention, provides friendly competition while raising dollars for the PAC.

Industry Relations

Working with our Class 1 interchange partners to drive an increase in carload traffic, and resolving service issues brought on by Class 1’s changes in operating processes was a high priority. Carload traffic and driving productive partnerships with the large national carriers was recognized as a strategic initiative, adopted by our Board of Directors in December, 2017 (see page 8).

Our staff guides the work of the industry by providing the short line perspective on a variety of committees including the Railway Industry Working Group (RIWG), the Railroad Safety Advisory Committee (RSAC), the Transportation Research Board (TRB), Association of American Railroad’s Safety and Operations Management Committee (SOMC), the Federal Railroad Administrations’ Switching Operations Fatality Analysis (SOFA) Working Group, and more.
The Ground Work We Laid

SUPPORT FROM YOUR ASSOCIATION

ASLRRA delivers a wealth of resources to our members, and we are proud of the services we provide. In a member survey conducted this year, 67% said membership is essential to their business and professional development, 78% claimed it would have a significant impact on their businesses if services were discontinued, and 85% said ASLRRA dues are easily justified!

We serve our members by advocating with Regulators, such as the Federal Railroad Administration, and providing guidance on regulatory issues via participation on industry committees, and in listening sessions with regulatory leadership.

We educate Congress on the impact of legislation by participating in hearings on a variety of subjects.

We work with like-minded associations to achieve results on Capitol Hill, in the regulatory environment, and in the public view.

We are here to assist members with legal and regulatory issues, and we will take our services on the road to provide on-site Compliance Assessments!

Education at Your Fingertips
ASLRRA provides a variety of educational opportunities, including in-person interactive breakout sessions at our Convention and Regional meetings. Regularly scheduled webinars led by industry experts provide topical information, and are recorded for viewing later on-demand.

Resources that Make a Difference

- The Short Line Facts and Figures report was updated in 2017, providing a solid overview of our industry and its economic impact.
- Templates that assist our members in compliance matters are regularly updated and made available on our website.
- Information of interest to our industry is delivered to our members in a print and electronic platforms, including Short Line Connector Magazine, the website, weekly e-blasts, and via social media.

ASLRRA provided 35 webinars, and 140 in-person training sessions throughout 2017, reaching 2700 members.

“Membership in the ASLRRA is critical to my railroad’s success. The wealth of operating, engineering and financial ideas provided is well worth my membership dollars! The impact of the ASLRRA is felt far beyond Washington, DC.”

— Carl Belke, President & COO, Western New York & Pennsylvania Railroad
ASLRRA staff has a broad and deep background in railroad operations, regulations, safety and legal matters, advocating on behalf of the short line industry, and ensuring our members are well-informed of changes and opportunities.

Meetings & Training

The work of ASLRRA is championed and driven by our members through participation in its 16 committees. The Engineering Committee, above, was formed this year, and held its first meeting at the 2017 CONNECTIONS Convention.

The Short Line Safety Institute

Founded in 2015, the Short line Safety Institute (SLSI) is an outstanding resource for the short line industry. The SLSI focuses on the people side of the safety equation – Safety Culture. Providing training and on-site railroad Assessments, the SLSI and its work are helping to support the industry’s goal of safe operations. Through the end of 2017, the SLSI provided 43 Assessments in 24 states, and conducted 24 webinar training sessions, impacting over 4,000 railroaders.

Also in 2017, SLSI received a grant from the Pipeline and Hazardous Materials Safety Administration (PHMSA) to create a Hazardous Materials Instructor Training program for short line railroads. This program will be provided free of charge to short line railroads beginning in 2018.

For more information on SLSI’s programs and services visit www.shortlinesafety.org.

CONNECTIONS Convention

This year’s convention provided two days of industry education, with nine education tracks, five super sessions, 24 breakout sessions, and three panel discussions; opportunities to network with peers; and visit with more than 250 industry suppliers at the EXPO.
The Road Ahead

STRATEGIC PLANNING

Dramatic changes are shaping the future of the short line rail industry and ASLRRA, including: technology; big data; PTC mandates; the Trump presidency; increased pressure from trucking competition; and Class 1 railroad leadership and strategy changes. To meet the challenges of 2018 and beyond, the ASLRRA Board of Directors called for a plan and framework to guide the Association and its members forward. To steer our future work, ASLRRA has adopted a new Vision and Mission Statement.

VISION: TO BE THE LEADING ADVOCATE AND ESSENTIAL PARTNER FOR THE SHORT LINE RAILROAD INDUSTRY AND TO BE THE AUTHORITATIVE VOICE TO INDUSTRY STAKEHOLDERS.

MISSION: TO ADVANCE THE INTERESTS OF THE SHORT LINE RAILROAD INDUSTRY THROUGH STRONG AND EFFECTIVE ADVOCACY.

The work to achieve the plan is already well underway, as ASLRRA continues to focus on our key concerns as an industry - capital investment, outside forces impacting our industry, technology implementation such as PTC, and mentoring the younger generation of railroaders.


ASLRRA’s Young Professionals Group provides an opportunity to network, and discuss training and mentoring opportunities in the short line industry for the next generation of railroaders.

The Technology Committee is a key source of expert advice and guidance on the challenges facing our industry. In 2017, a Technology Summit was held, providing a framework for current and future challenges, and a plan to address them for short line railroads.

Working group members gathered to discuss ideas, review results and develop the final plan in September, 2017.
SEVEN OBJECTIVES EMERGED WITH ASSOCIATED ACTION PLANS, ALL WILL BE ADVANCED IN 2018, INCLUDING:

Technology Implementation - ASLRA will leverage staff and industry expertise to guide the short line industry through complex technology challenges such as PTC. Ninety of our members will be equipping over the next two years. ASLRA has helped our small business railroads to meet that challenge by negotiating with two industry providers to supply the back-office equipment, training, and technical support necessary.

ASLRA will be closely monitoring a host of technology platforms affecting our industry in the coming year, including autonomous vehicles, PTC and cybersecurity.

Carload Traffic - the lifeblood of short line business, carload traffic is challenged with stiff competition from trucking companies, and reliance upon Class I interchange partners.

ASLRA will work to develop and foster initiatives to build carload business through improving service, equipment availability, and data use. We will engage customers, shipper groups and Class Is to develop and share best practices for building industrial business on rail.

Big Data - like all industries, short lines have a wealth of data at their disposal, but being able to effectively harness the data to provide fact-based analysis is challenging, particularly for resource-constrained small railroads. Better data will enable short lines to tell their story more effectively, and influence outcomes.

In December, ASLRA initiated a pilot program with several members and a Class I railroad to develop a framework for fact-based discussions on service opportunities and business growth using available combined data.

STRATEGIC PLAN OBJECTIVES

» Educate short lines about the implications of both internal and external applications of TECHNOLOGY.

» Promote short line CARLOAD AND BUSINESS DEVELOPMENT opportunities through communications and marketing efforts, data initiatives and shipper collaboration.

» Help short lines REDUCE CAPITAL COSTS through a permanent 45G tax credit, public infrastructure spending and state level programs.

» Promote REGULATORY CHANGE to support short line safety and efficiency.

» Foster a positive RELATIONSHIP WITH POLICY MAKERS AND CLASS 1s to encourage and support opportunities for growth.

» Increase the industry and the association’s knowledge through STRONG DATA to better understand opportunities and interpret our industry to stakeholders and decision makers.

» Continue to SUPPORT HUMAN RESOURCE DEVELOPMENT on all levels in our industry.
Membership and Administration

POSITIVE RETURN ON MEMBER INVESTMENT

ASLRA staff has continued to be good stewards of our member’s contributions, supporting advocacy in both regulatory and legislative matters, presenting training in many forms, hosting industry events such as Railroad Day and CONNECTIONS, providing opportunities for networking and education at Regional Meetings, and offering deep industry expertise in legal, legislative and regulatory issues.

Our membership base remains stable, with 460 railroad members, and 533 associate supplier members.

In 2017, the Association planning began for a move to new office space, enabling us to better service our membership, and host Board and Working Group meetings in our offices.

“The Annual Silent Auction held at the CONNECTIONS Convention provides an exciting and engaging opportunity to educate members about the Education Fund while raising money for important industry education initiatives.

The Education Fund was established as a 501(c)(3) in 2017 to support priority education initiatives; communicate and promote the value of short line railroads; and build a library of industry-specific research, education and training resources.

Key Achievements

ASLRA derives its operating funds primarily from member dues, registration fees, annual exhibit and sponsorships for events and programs. Federal grants supporting the Short Line Safety Institute and the PTC Short Line Project provided additional resources for the Association to meet its member business needs. The work of both grants provides additional services that have the potential to benefit all ASLRA member railroads. In 2017, the Finance and Administration group focused on:

• Two new hires with talents in graphic design and meeting planning were key in elevating the delivery of communications and education.
• IT improvements and new service partners to ensure better service to our employees AND our members.
• Onboarding new vendors to provide support for efficient administration of payroll, employee benefits and compliance.
• Grant management support, allowing ASLRA to be in position to take advantage of additional funding, driving new programs for members while strong fiscal controls and government grant mandates are adhered to.
Our Team

ASLRRA Staff

Mr. Keith T. Borman  SVP & General Counsel
Ms. Cara L. Boyle  Manager, Marketing & Education
Ms. Camille M. Campbell  Chief of Staff
Ms. Kathleen M. Cassidy  VP, Member & Convention Services
Ms. Patricia Daigle  Manager, Office Administration
Ms. Linda B. Darr  President
Mr. J.R. Gelnar  VP, Safety & Compliance
Ms. Crystal Gitchell  Director, Regulatory Affairs
Ms. Kathleen R. Keeney  VP, Member Engagement & Sales
Ms. Amy M. Krouse  Director, Strategic Communications
Mr. Mike Ogborn  Consultant & CTITF Chair
Ms. Jo E. Strang  SVP, Safety & Regulatory Policy
Ms. Ashley N. Thomas  Accounting & Membership Specialist/Database Administrator
Ms. Sabrina A. Waiss  SVP, Education & Business Services
Ms. Amy K. Westerman  Director of Meetings, Education & Marketing
Mr. Brian K. Wright  SVP & Chief Financial Officer

Short Line Safety Institute Staff

Mr. Mike Long  Senior Safety and Operations Manager
Ms. Jill Medeiros  Manager of Administration
Ms. Michele Malski  Safety Program Manager
Mr. Tom Murta  Executive Director

ASLRRA Legislative Team (Chambers, Conlon & Hartwell)

Mr. Chuck Baker  Lead Short Line Partner
Mr. Fred Oelsner  Legislative Policy Professional & Associate
Mr. Will Resch  Grassroots & Fundraising Organizer & Associate

On March 30, ASLRRA and SLSI teams prepared a meal for Fisher House families. Fisher House provides housing free of charge for family members of veterans while receiving medical treatment at Walter Reed Medical Center in Bethesda, MD. Former Navy Seal Rob O’Neill (back row in baseball cap) joined the team for the evening.
EXECUTIVE COMMITTEE

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DOC CLAUSSEN, VICE CHAIR, GULF & OHIO RAILWAYS, INC.
CARL BELKE, VP EASTERN REGION, WESTERN NEW YORK AND PENNSYLVANIA RAILROAD
OTIS CLIATT II, VP PACIFIC REGION, PACIFIC HARBOR LINE, INC.
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LINDA BAEUER DARR, PRESIDENT, AMERICAN SHORT LINE AND REGIONAL RAILROAD ASSOCIATION
BARRY MCCLURE, VP CENTRAL REGION, IRONHORSE RESOURCES, INC.
ED MCKECHNIE, IMMEDIATE PAST CHAIR, WATCO COMPANIES, LLC
BEN TARBUTTON III, VP SOUTHERN REGION, SANDERSVILLE RAILROAD COMPANY
JACK PARLIAMENT, SMALL RAILROAD REPRESENTATIVE, D & I RAILROAD
ROBERT LEDOUX, LPC REPRESENTATIVE, FLORIDA EAST COAST RAILWAY, LLC
DANIEL ZINK, LPC REPRESENTATIVE, RED RIVER VALLEY & WESTERN RAILROAD CO.

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MARK WEGNER, CENTRAL REGION BOARD MEMBER, TWIN CITIES & WESTERN RAILROAD CO.
STEVEN YOUSCHAK, ASSOCIATE BOARD MEMBER, AMERICAN RAIL ENGINEERS, INC.
“The members of this Association are not strangers to challenge or to the changes that help define those challenges. Time and again you have stepped up to clear thinking, creative solutions and a determination to get the job done. I have every confidence that will continue to be the case and I am excited about the prospect of our continued success.”

— Linda Bauer Darr, President, American Short Line And Regional Railroad Association
THE AMERICAN SHORT LINE AND REGIONAL RAILROAD ASSOCIATION (ASLRRA) IS A NON-PROFIT TRADE ASSOCIATION REPRESENTING THE INTERESTS OF THE NATION’S 603 SHORT LINE AND REGIONAL RAILROADS AND RAILROAD SUPPLY COMPANY MEMBERS IN LEGISLATIVE AND REGULATORY MATTERS. SHORT LINES OPERATE 47,500 MILES OF TRACK IN 49 STATES, OR APPROXIMATELY 29% OF THE NATIONAL RAILROAD NETWORK, TOUCHING IN ORIGINATION OR TERMINATION ONE OUT OF EVERY FIVE CARS MOVING ON THE NATIONAL RAILROAD SYSTEM, SERVING CUSTOMERS WHO OTHERWISE WOULD BE CUT OFF FROM THE NATIONAL RAILROAD NETWORK.