Planning For Success: How rail will meet the needs of a Growing PNW Economy?

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Topics

- Economy / Freight Activity
- Shortline Railroads Situation
- Keys to Success
Who’s the Economist?
Relationship Between Freight Performance and the Economy
Moving Freight
Truck Rates

The following visualizations are based on the Fruit and Vegetable Truck Rate Report, which is distributed by the USDA each week.

Truck Rates - Year over Year
Truck Rates

The following visualizations are based on the Fruit and Vegetable Truck Rate Report, which is distributed by the USDA each week.

Truck Rates - Year over Year

Years of Data
- 2002 - 2018

Price Data
- Weekly Low

Origin State
- CA

Origin District
- Central San Joaquin Valley, CA
- IMP & COA Valley CA, W & C AZ
- Kern District
- Oxnard
- Salinas Watsonville
- San Joaquin
- Santa Maria
- South CA

Destination
- Chicago

Standard Deviations
- 3

Legend - Year
- 2018
- 2017
- 2016
Gasoline Prices

Gasoline (all grades) Conventional Retail Prices - Year over Year

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Years of Data
- 1991
- 2018

Region
- Central Atlantic (PADD 1B)
- Cleveland, OH
- Colorado
- Denver, CO
- East Coast
- Florida
- Gulf Coast
- Lower Atlantic (PADD 1C)
- Miami, FL
- Midwest
- Minnesota
- New England (PADD 1A)
- New York
- Ohio
- Rocky Mountain
- Seattle, WA
- Texas
- U.S.
- Washington
- West Coast

Standard Deviations
- 2

Legend - Year
- Brown: 2018
- Blue: 2017
- Green: 2016

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Week
- Jan 21
- Feb 18
- Mar 18
- Apr 15
- May 13
- Jun 10
- Jul 8
- Aug 5
- Sep 2
- Sep 30
- Oct 28
- Nov 25
- Dec 23
Diesel Prices

No. 2 Diesel Retail Prices - Year over Year

Years of Data
1994 - 2018

Region
- California
- Central Atlantic (PADD 1B)
- East Coast
- Gulf Coast
- Lower Atlantic (PADD 1C)
- Midwest
- New England (PADD 1A)
- Rocky Mountain
- U.S.
- West Coast
- West Coast (PADD 5) Excess

Standard Deviations
2

Legend - Year
- 2018
- 2017
- 2016

Week
Shortline Railroads

- Provide both competitive/complimentary role to Class I, Barge, Truck
- Far more nimble to respond to regional/local customer needs
- Environmental / safety advantages
- Provide services to an extremely diverse mix of industries / customers
Shortline Railroad Traffic Mix

- Terminated: 48%
- Originated: 33%
- Local: 9%
- Bridged: 10%

Shortline Railroad Commodities Moved Carloads Originated, Jan-Mar, 2018

- Chemicals: 14%
- Other: 25%
- Trailers/Containers: 12%
- Crushed Stone / Gravel: 8%
- Grain: 8%
- Coal: 7%
- Pulp/Paper: 5%
- Food Products: 3%
- Metal Products: 5%
- Motor Vehicles: 3%
- Lumber/Wood: 3%
- Waste: 3%
- Other: 25%
- Nonmetallic Minerals: 9%
- Metallic Ores: 8%
- Grain Mill Products: 5%
- Petroleum: 5%
- Other: 25%
# Shortline Railroads: 1st QTR 2017 to 1st QTR 2018 Originated Traffic

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>1st QTR Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chemicals</td>
<td>7.5%</td>
<td>14.6%</td>
<td>22.0%</td>
<td>44.1%</td>
</tr>
<tr>
<td>Coal</td>
<td>8.9%</td>
<td>-13.3%</td>
<td>-10.7%</td>
<td>-15.1%</td>
</tr>
<tr>
<td>Crushed Stone / Gravel</td>
<td>31.6%</td>
<td>11.4%</td>
<td>28.8%</td>
<td>71.8%</td>
</tr>
<tr>
<td>Food Products</td>
<td>4.7%</td>
<td>0.2%</td>
<td>-2.1%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Grain</td>
<td>-3.5%</td>
<td>-8.6%</td>
<td>6.8%</td>
<td>-5.2%</td>
</tr>
<tr>
<td>Grain Mill Products</td>
<td>3.8%</td>
<td>9.0%</td>
<td>-1.9%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Lumber/Wood</td>
<td>12.2%</td>
<td>12.1%</td>
<td>3.9%</td>
<td>28.2%</td>
</tr>
<tr>
<td>Metallic Ores</td>
<td>-13.3%</td>
<td>-0.7%</td>
<td>-2.1%</td>
<td>-16.1%</td>
</tr>
<tr>
<td>Metal Products</td>
<td>13.8%</td>
<td>-0.1%</td>
<td>-0.1%</td>
<td>13.6%</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>7.0%</td>
<td>-1.7%</td>
<td>-7.3%</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Nonmetallic Minerals</td>
<td>-14.5%</td>
<td>-0.6%</td>
<td>15.7%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Petroleum</td>
<td>7.9%</td>
<td>11.7%</td>
<td>1.9%</td>
<td>21.5%</td>
</tr>
<tr>
<td>Pulp/Paper</td>
<td>2.6%</td>
<td>10.6%</td>
<td>12.2%</td>
<td>25.4%</td>
</tr>
<tr>
<td>Trailers/Containers</td>
<td>-30.4%</td>
<td>-25.8%</td>
<td>-31.2%</td>
<td>-87.3%</td>
</tr>
<tr>
<td>Waste</td>
<td>1.8%</td>
<td>-3.5%</td>
<td>6.5%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Other</td>
<td>6.4%</td>
<td>5.8%</td>
<td>2.6%</td>
<td>14.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1.1%</td>
<td>-1.0%</td>
<td>0.4%</td>
<td>0.4%</td>
</tr>
</tbody>
</table>
Shortline Railroads Keys to Success

- Class I connectivity / partnership
- Access to capital
  - 45G Tax Credit ($0.50 of every dollar, up to $3,500 per track mile)
  - BRACE Act (HR721 & S407)
- Stable carload traffic (economic stability)
- Access to quality labor
- Streamlined regulatory compliance
Who loses in a Trade War?

Over 2 million jobs are in U.S. industries affected by China’s tariffs. However much less than half of those jobs are at risk, overall.

Share of Local Employment, County Level, 2016

Source: Brookings Institute