

# Working with Union Pacific Railroad to Create Economic Development Opportunities in Your Community

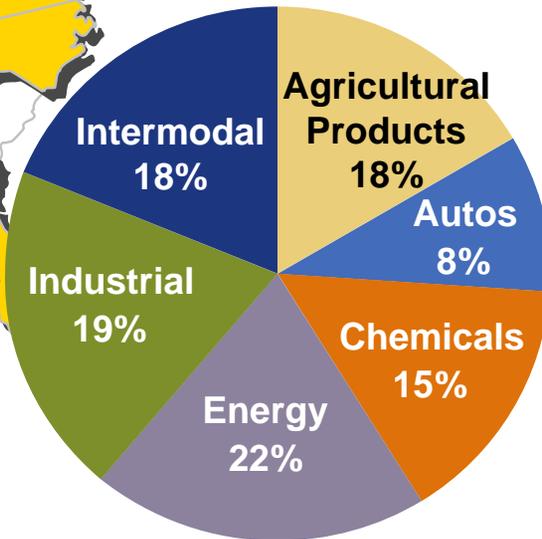
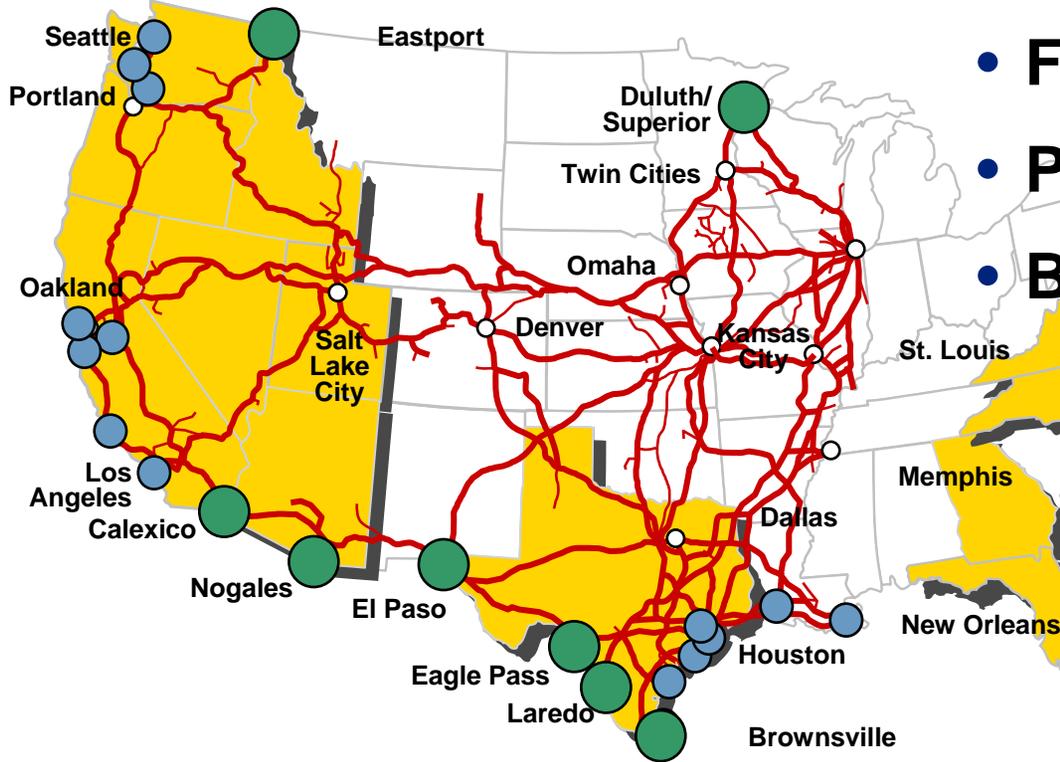
Steve Burke, Regional Manager Industrial Development, September 9 2009



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# The Strength of a Unique Franchise

- Diverse Business Mix
- Fastest Growing States
- Port Access
- Border Crossings



2008 Business Mix

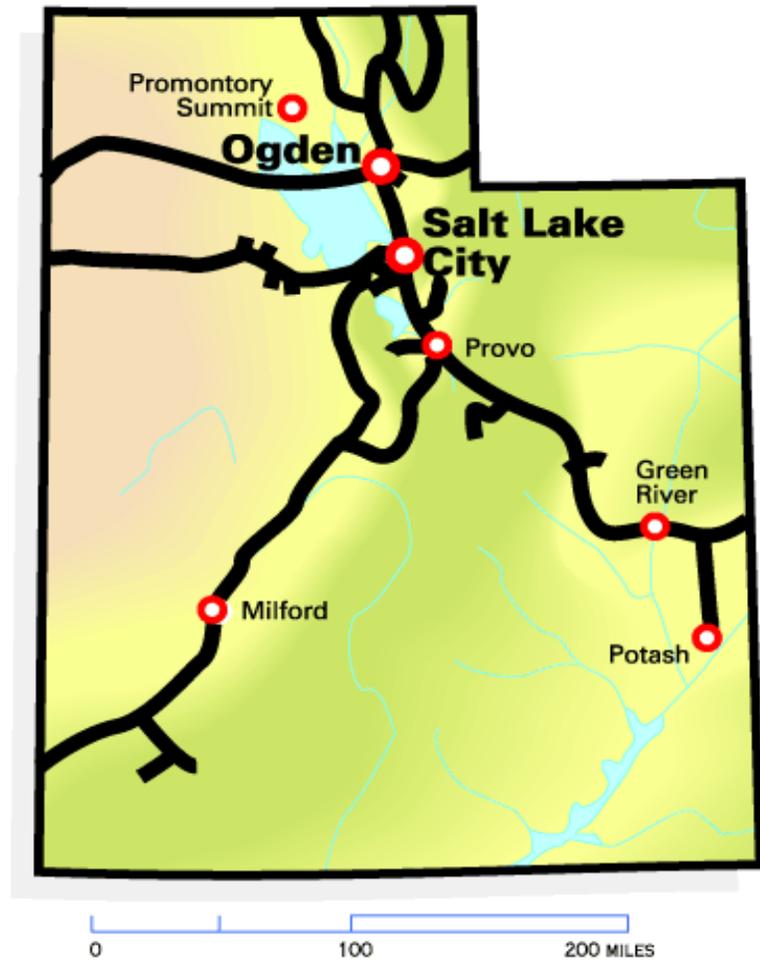
# Union Pacific Railroad in Utah

- **Fast Facts**

- 1,259 Miles of Track
- 1,625 Employees
- \$126 M Payroll
- \$419,000 Community Giving
- \$47.1 M Capital Spend
- \$90 M Intermodal Facility

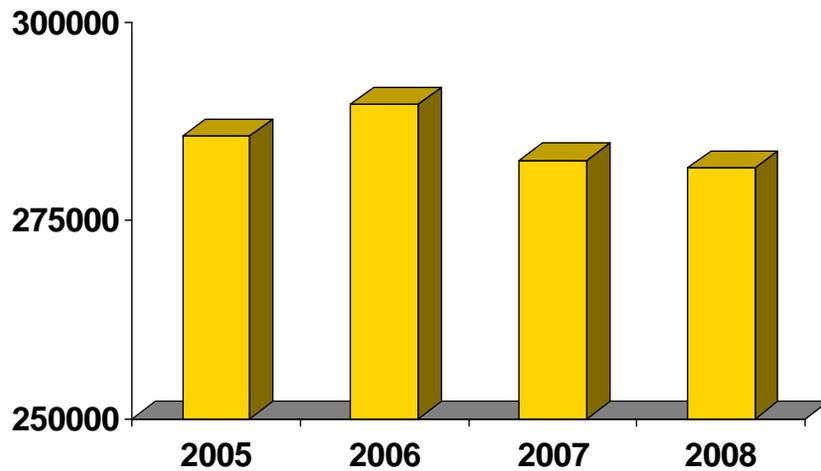
- **Significance**

- May 10<sup>th</sup> 1869
- UP is Incorporated in Utah
- Prominent Utah Involvement
- Rails to Trails Program

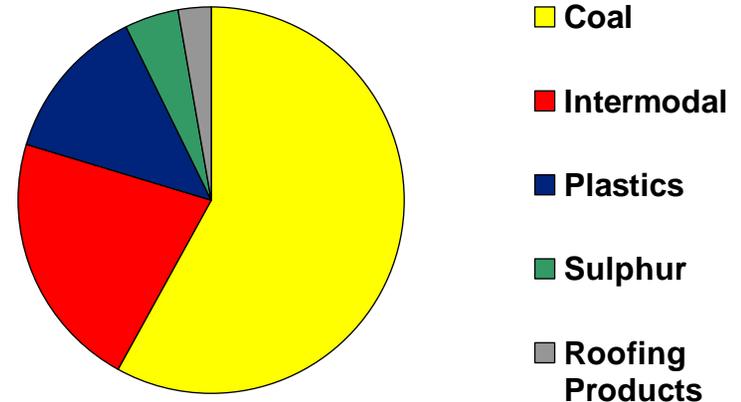


# Union Pacific Railroad in Utah

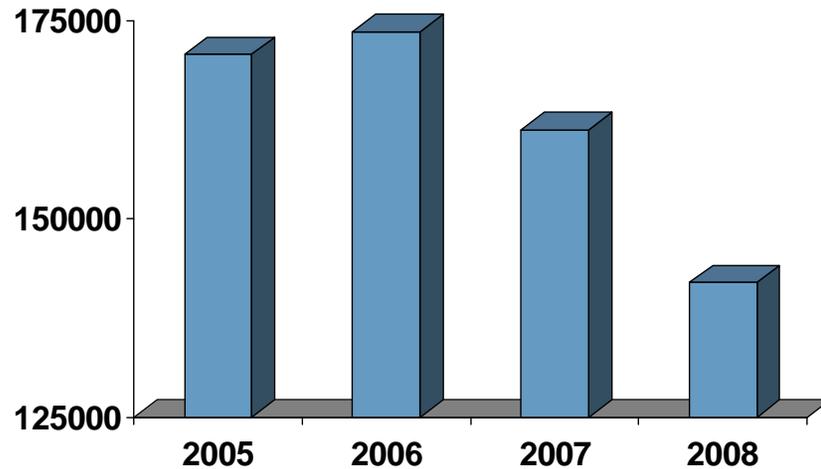
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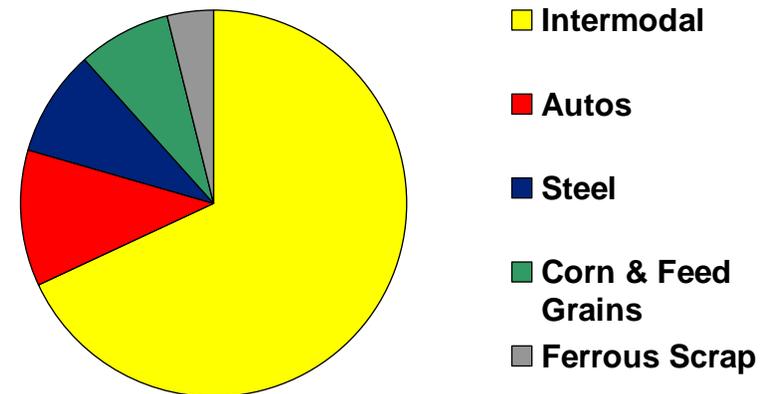
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■ Terminated



Terminated



# Industrial Development – New Projects

## Step 1 - Getting Started:

- Gather Custom Project Information
- Submit Service Feasibility Questionnaire – “SFQ”

## Step 2 – Site Location Analysis / Project Approval:

- Site Evaluation / Develop Conceptual Plan
- Initiate Rail Access Review & Secure UP Approval
- Memorandum Of Understanding “MOU”

## Step 3 – Business Analysis:

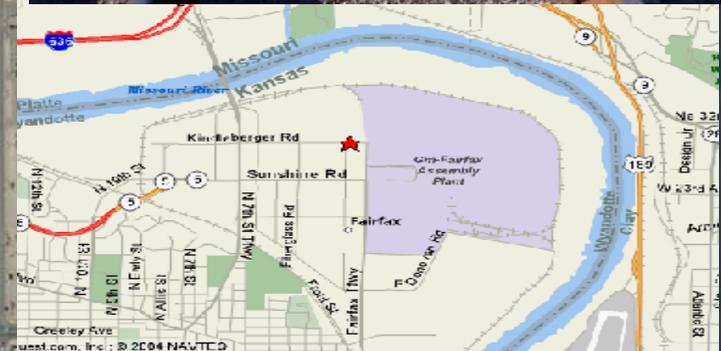
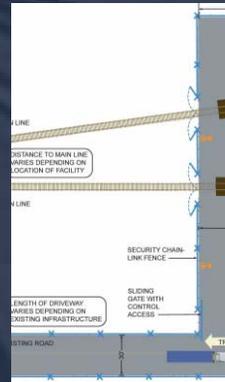
- Finalize Freight Rate & Spotting Instructions
- Set Up Customer Billing
- Allocate UP Rail Car Equipment (if Applicable)

## Step 4 – Final Documentation:

- Prepare Final Track Construction Plans & Exhibit A
- Execute Industrial Track Agreement (ITA)
- Provide Evidence of Insurance

## Step 5 – Track Construction:

- UPRR Final Inspection, TOTO



# Industrial Development

## Key Rail Access Process Changes

- **Online Service Feasibility Questionnaire (Auto Project Creation)**
- **On-Site Meeting (Site Evaluation / Develop Plan)**
- **Dedicated Engineering Design Support Group**
- **Early Track Agreement Processing**
- **Document Exchange System – Streamlines Document Flow**
- **Establishment of New Guidelines For Rail Access**
- **Timely Rail Access Review / Approval ( < 30 days)**



# Industrial Development

## Established Guidelines For Rail Access

- Helps create consistency
- Helps assess the capability of the network to accommodate new industry opportunities
- Helps determine minimum track infrastructure requirements for customers desiring to locate on UPRR
- Helps educate and communicate service & track requirements to our customers
- Helps industry set realistic expectations in assessing options for rail access and service

### Guidelines for Rail Service to New Industry Locations



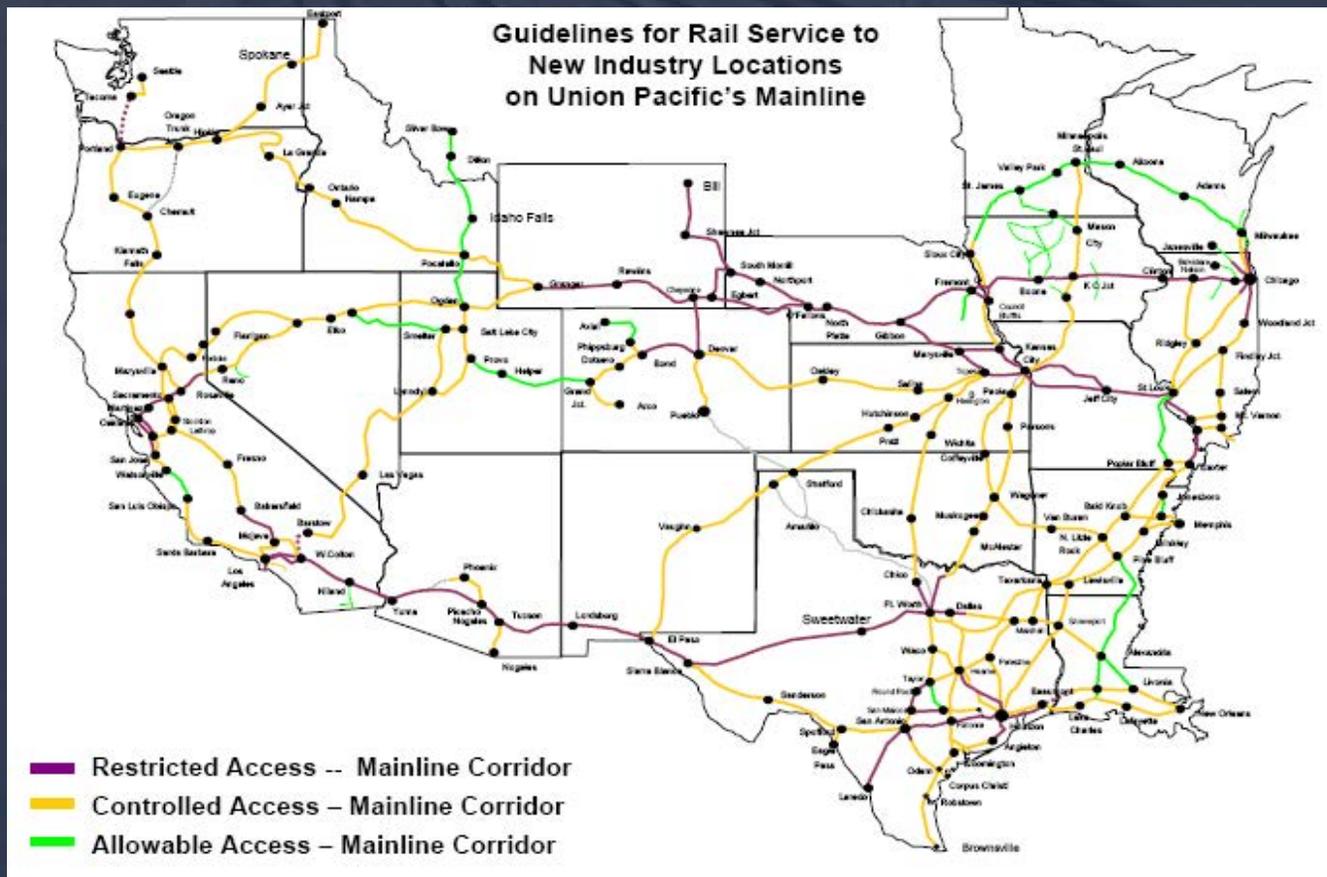
August 18, 2006

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# Industrial Development

## Industry Access - Mainline Designation



# Industrial Development

## Guidelines Requirements For Rail Access

### Guidelines for Rail Service to New Industry Locations *Infrastructure Guidelines*

		Restricted Access Mainline Corridors	Controlled Access Mainline Corridors	Allowable Access Mainline Corridors	Industry Parks, Leads and Other Customer Complexes
1	Customer infrastructure must allow a full train length to clear the mainline without stopping to line switches. This requires approximately 8,500-9,000 ft of running track capacity due to train length and signal systems.	X			
2	#15 mainline power turnouts required to enable train to clear mainline in one continuous move if applicable.	X	X		
3	If customer operations requires varying directional flow, customer facility should access mainline from both directions.	X	X		
4	Customer operation must accommodate the switching or repositioning of moves clear of the mainline or controlled sidings. Where unit trains are handled, availability of yard air at the facility may be required, depending on circumstances.	X	X		
5	Customer must have reasonably close access to power crossovers to avoid extensive counter flow movements in double track territory (if applicable).	X	X		
6	Customer facilities handling less than unit train volumes must accommodate spot upon arrival and have sufficient capacity to accommodate both loaded and empty car storage. Facilities set up to handle unit trains must have the capability to chamber a minimum of one complete train.	X	X	X	X
7	Infrastructure is 286K compatible, if required by customer operations	X	X	X	X
8	Customer infrastructure compliant with UP track and signal standards	X	X	X	X
9	Customer facility designed for a drop and pull service	X	X	X	X
10	Customer facility designed to accommodate customer or third party switching, including Remote Control Locomotive (RCL) application.	X	X	X	X
11	Customer facility layout does not require commodity or order specific switching assignment of railcars to unloading tracks by Union Pacific	X	X	X	X
12	Additional access requirements determined by local conditions and site specific considerations.	X	X	X	X
13	Train operations do not block road crossings	X	X	X	X

**NOTE: Meeting the Infrastructure Guidelines may not guarantee service will be provided.**



# Industrial Development

## Industrial Track Construction Timeline – UP Track Work Only

**Industrial Track Construction Process - UP Track Work**

The following information is provided to help guide you through the planning and construction process of developing a rail-served facility. Collaboration and focus by both customers and Union Pacific will help to complete your project within 15 months. A clear understanding of each group's responsibilities and realistic time frames can ensure the process moves along in a predictable pace. If you have questions concerning these procedures or require further assistance with your project planning, please contact your Union Pacific Industrial Development Regional Manager.

Industry	Union Pacific	Industry Target Time (in Days)	UP Target Time (in Days)
Complete and Submit Service Feasibility Questionnaire	Pre-Qualification	—	14
	Location analysis, on-site meeting	—	44
Submit 10% Concept Plan		30	—
	Review and provide feedback on 10% Plan	—	24
Plan revisions as necessary	Review and provide feedback	10	10
	Rail Access approval process	—	31
	Develop Customer Service Profile and Memorandum of Understanding (MOU)	—	30
Sign MOU 10% Revisions (if requested)		30	—

(continued)



9/20/08

**Industrial Track Construction Process - UP Track Work**

Industry	Union Pacific	Industry Target Time (in Days)	UP Target Time (in Days)
<b>Begin Final Documentation Phase</b>			
	First draft of Industrial Track Agreement (ITA)	—	14
Submit deposit to establish work order		14	—
Negotiate ITA (as appropriate)		60	—
Submit Final Track Plan and Exhibit A		60	—
	Review and provide feedback on Final Track Plan and Exhibit A	—	14
Plan revisions as necessary	Review and provide feedback	14	14
	Final form ITA Final project estimate Tentative gang schedule	—	28
Execute ITA, provide insurance and requested funds		30	—
<b>Begin Construction Phase</b>			
	Finalize gang and material schedules	—	17
Site preparation (grading, materials on site)		60	—
	Switch installation Final inspection	—	21
<b>Anticipated Completion (in months)</b>		<b>7.8</b>	<b>7.2</b>

TOTAL: 15 months

9/20/08 Anticipated Completion Date \_\_\_\_\_



# Thank You and Questions

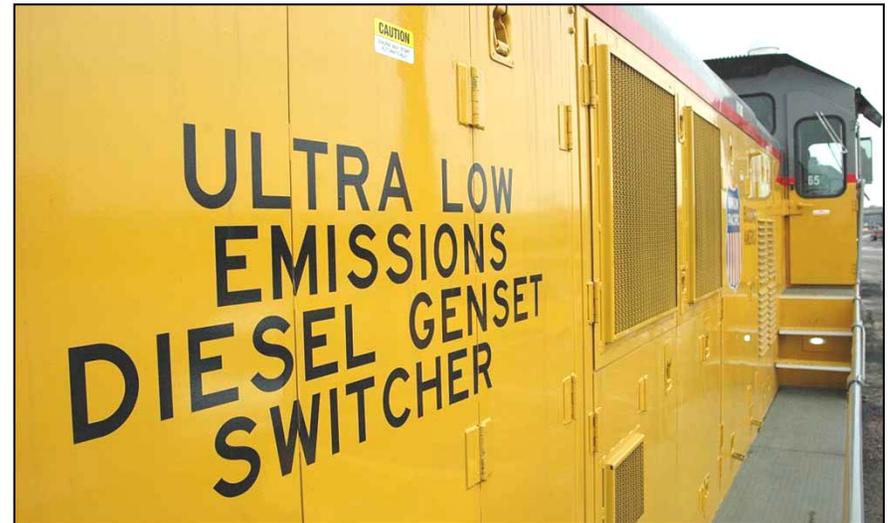
Steve Burke, Regional Manager, Industrial Development, 3165 S. Alma School Road, Suite 29, PMB 218, Chandler, AZ 85248-3762, (o) 480-704-3506 (c) 480-235-7088 (f) 402-233-2914, [ssburke@up.com](mailto:ssburke@up.com)



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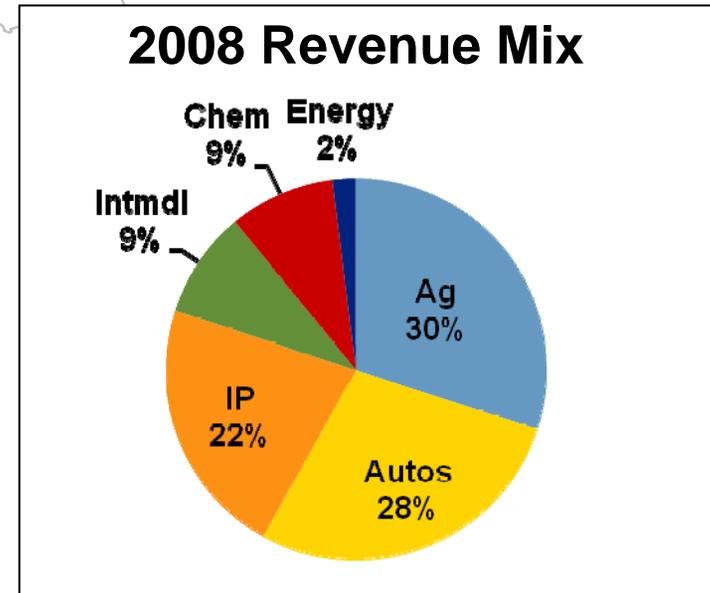
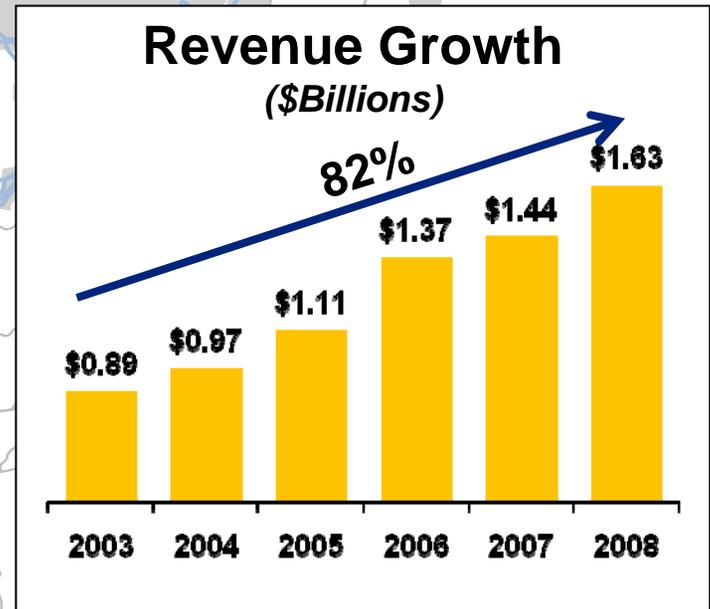
# Armour Yellow Outside – Green Inside

- One train takes up to 300 trucks off congested highway
- Rail is almost four times more fuel efficient than trucks
- UP can haul one ton 830 miles on one gallon of diesel fuel
- Rail transportation is three times cleaner than trucks on a ton-mile basis



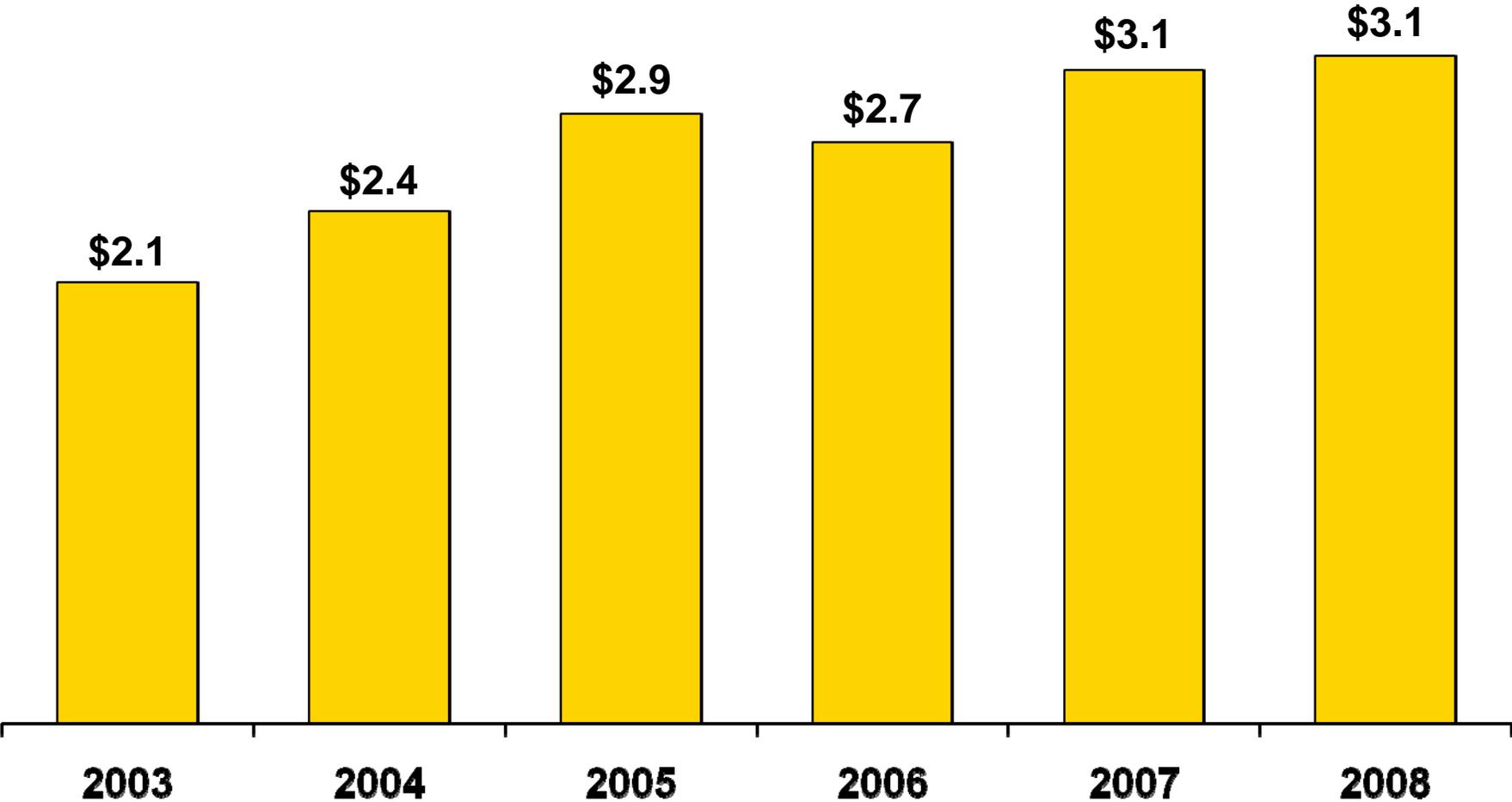
*UP Genset Yard Locomotive*

# Mexico ... A Key Link



# Investing for Safe, Reliable Service

## UP Capital Spending in Billions

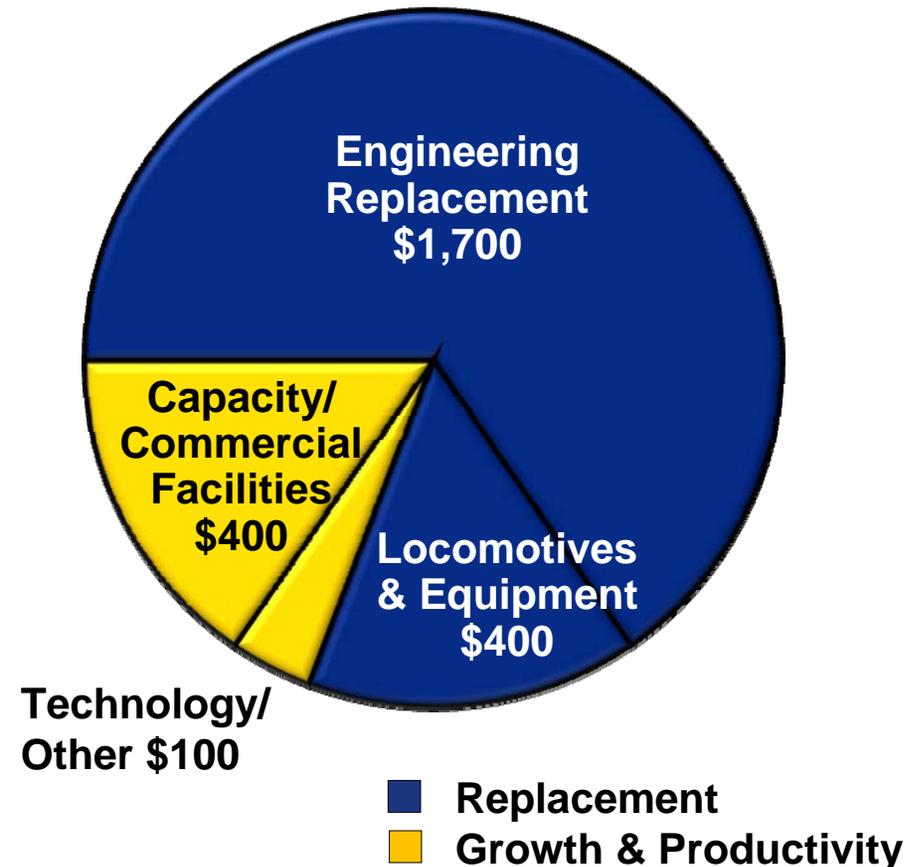


*\*Includes cash capital, non-cash capital and lease financings*

# 2009 Capital Investments

- Replacement / renewal programs
  - Safety
  - Velocity
  - Throughput
- Long-term growth projects
  - Sunset / intermodal
  - Coal capacity / Red X
- Enhance throughput productivity

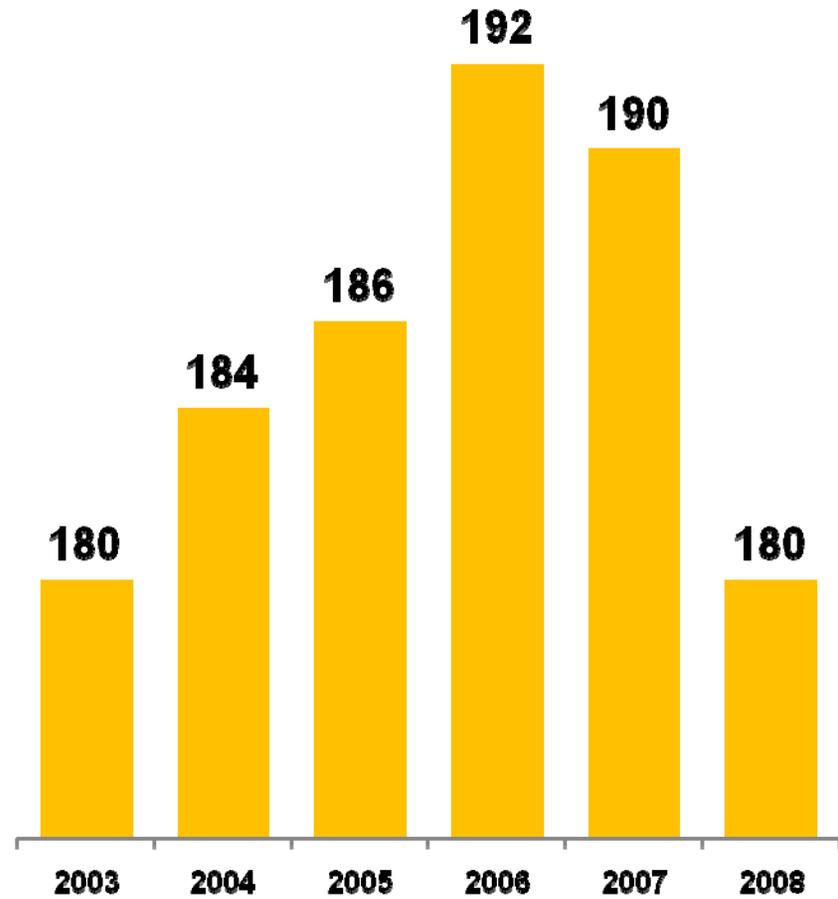
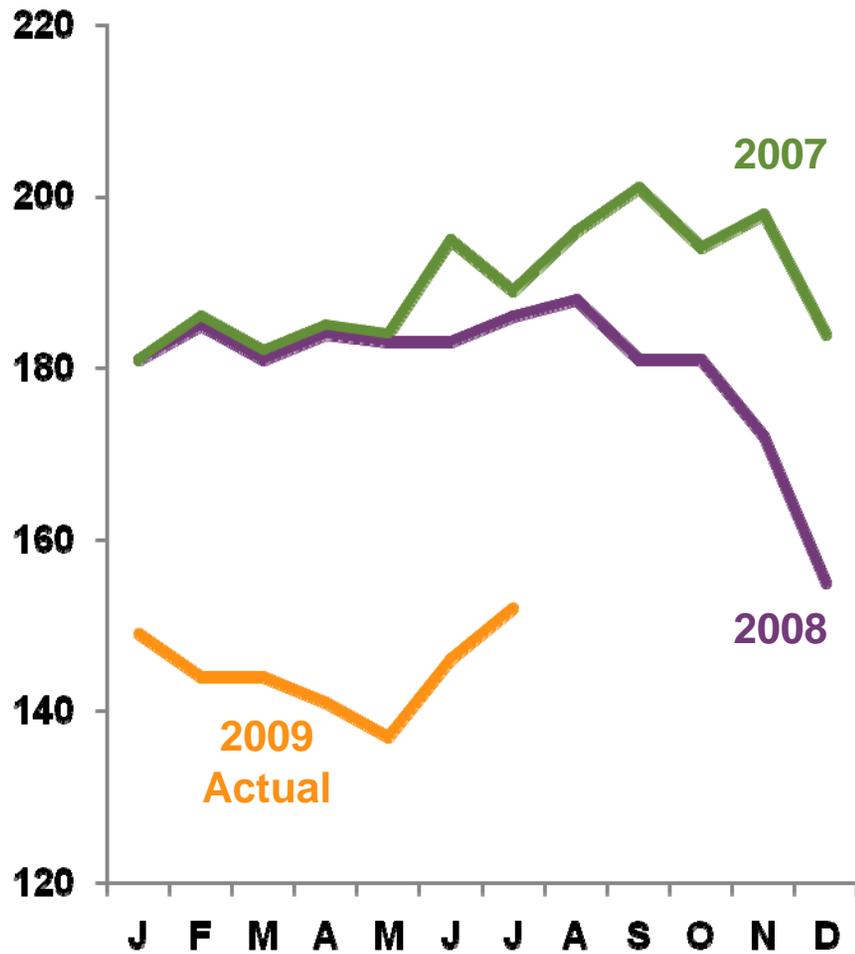
≈ \$2.6 Billion Capital Plan\*  
In Millions



\*Capital budget as of April 2009

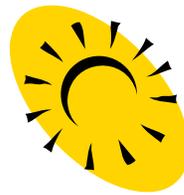
# Economic Uncertainty

## 7-Day Carloadings (000)



# Economy

## 2009 Outlook



	<u>2005</u>	<u>2008</u>	<u>2009</u>
<b>GDP</b>	<b>2.9%</b>	<b>1.2%</b>	<b>(2.8%)</b>
<b>Industrial Production</b>	<b>3.3%</b>	<b>(1.6%)</b>	<b>(10.3%)</b>
<b>Housing Starts (MM)</b>	<b>2.1</b>	<b>0.91</b>	<b>0.56</b>
<b>Vehicle Sales (MM)</b>	<b>17.0</b>	<b>13.1</b>	<b>9.8</b>
<b>Exports</b>	<b>7.0%</b>	<b>6.4%</b>	<b>(14.3%)</b>
<b>Imports</b>	<b>5.9%</b>	<b>(3.1%)</b>	<b>(15.2%)</b>

*Global Insight – July 2009*