

THE IMPORTANCE OF MICHIGAN'S RAIL INFRASTRUCTURE TO AGRICULTURE, OUR ECONOMY AND GROWTH



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MICHIGAN AGRI-BUSINESS ASSOCIATION

- **Infrastructure**

- ✓ Rail
- ✓ Roads
- ✓ Utilities
- ✓ Broadband
- ✓ People





MICHIGAN AGRI-BUSINESS ASSOCIATION

A CASE STUDY OF MICHIGAN'S THUMB: HURON, TUSCOLA & SANILAC COUNTIES

A Demonstration of the Importance
of Railroads to Agriculture



AGRICULTURAL PRODUCTION OF SELECTED CROPS *

Corn	40,000,000 bushels annually
Soybeans	11,000,000 bushels annually
Wheat	11,000,000 bushels annually
Dry Beans	3,000,000 hundredweight annually

* Huron, Tuscola and Sanilac Counties



CURRENT MOVEMENT OF AGRICULTURAL PRODUCTION

Corn	50% by rail	20,000,000 bushels
Soybeans	80% by rail	9,000,000 bushels
Wheat	40% by rail	4,400,000 bushels
Dry Beans	50% by rail	1,5600,000 hundredweight



FREIGHT MOVEMENT

Truck (doubles)	1,500 bushels
Truck Van Trailer	40,000 pounds of freight
Rail Hopper Car	3,500 bushels
Rail Box Car	156,000 pounds of freight

* Huron, Tuscola and Sanilac Counties



MOVEMENT OF AGRICULTURAL PRODUCTION BY TRUCK OR RAIL

		Trucks	Rail
Corn	20,000,000 bushels	13,300 ¹	5,700 ²
Soybeans	9,000,000 bushels	6,000	2,600
Wheat	4,400,000 bushels	3,000	1,250
Dry Beans	1,500,000 hundredweight	3,750 ³	950 ⁴

¹ 1,500 bushel, double trailer grain “trains”

² 3,500 bushel rail hopper car

³ 40,000 van semi

(can't haul larger loads because these are shipped outside of the state of Michigan)

⁴ 156,000 pound railroad box car



MOVEMENT OF AGRICULTURAL PRODUCTION BY TRUCK OR RAIL

22,300 Double trailer grain haulers

3,700 Trucks with van trailers

OR

10,500 Rail hopper cars

950 Rail box cars



MOVEMENT OF AGRICULTURAL PRODUCTION BY TRUCK OR RAIL

Trucks ?

1,841,000 feet of trucks, or 340 miles of trucks stretched end to end, or a solid convoy of trucks that would stretch from Lansing to Saginaw, and back, TWICE ! *

* 22,300 grain trucks (doubles), 80 feet long, and 950 semi trucks with van trailers, 60 feet long



MOVEMENT OF AGRICULTURAL PRODUCTION BY TRUCK OR RAIL

Hauling grain by truck instead of rail would increase the cost of transportation from the Thumb to destination by at least \$.50 per bushel.

33,4000,000 bushels @ \$.50 = 16,700,000



MOVEMENT OF AGRICULTURAL PRODUCTION BY TRUCK OR RAIL

Hauling dry beans by truck instead of rail would increase the cost of transportation from the Thumb to destination by at least \$10 per hundredweight.

1,500,000 hundredweight @ \$10 = 15,000,000

An annual Increase in Transportation Cost for Corn, Soybeans, Wheat and Dry Beans \$31,700,000



MOVEMENT OF AGRICULTURAL PRODUCTION BY TRUCK OR RAIL

\$31.7 million in EXTRA COSTS without rail

This additional cost will appear as an expense to producers, and a decrease in their income!



MICHIGAN SUMMARY

	Bushels ¹	% by Rail	Total Bushels by Rail ¹
Corn	300,000,000	50	150,000,000

- ✓ 150,000,000 bushels @ \$.50 = \$75,000,000
- ✓ 150,000,000 bushels ÷ 1500 bushels per truck = 100,000 trucks or 1515 miles of trucks
- ✓ 150,000,000 bushels ÷ 3500 bushels per rail car = 42,860 rail cars

¹ Annually



MICHIGAN SUMMARY

	Bushels ¹	% by Rail	Total Bushels by Rail ¹
Soybeans	86,800,000	80	69,500,000

- ✓ 69,500,000 bushels @ \$.50 = \$34,750,000
- ✓ 69,500,000 bushels ÷ 1500 bushels per truck = 46,333 trucks or 702 miles of trucks
- ✓ 69,500,00 bushels ÷ 3500 bushels per rail car = 19,860 rail cars

¹ Annually



MICHIGAN SUMMARY

	Bushels ¹	% by Rail	Total Bushels by Rail ¹
Wheat	34,585,000	40	13,850,000

- ✓ 13,850,000 bushels @ \$.50 = \$6,925,000
- ✓ 13,850,000 bushels ÷ 1500 bushels per truck = 9233 trucks or 140 miles of trucks
- ✓ 13,850,000 bushels ÷ 3500 bushels per rail car = 3960 rail cars

¹ Annually



MICHIGAN SUMMARY

	cwt ¹	% by Rail	cwt by Rail ¹
Dry Beans	3,000,000	50	1,500,000

- ✓ 1,500,000 cwt @ \$10.00 cwt = \$15,000,000
- ✓ 1,500,000 cwt ÷ 4000 lbs per truck = 3750 trucks or 42 miles of trucks
- ✓ 1,500,000 cwt ÷ 160,000 lbs per rail car = 937.5 rail cars

¹ Annually



MICHIGAN CORN SUMMARY

\$\$\$ IMPACT 194,000,000

Approximately 160,000 trucks

vs.

Approximately 67,000 cars

Almost 2400 miles of trucks



OTHER AGRICULTURAL MOVES

- ✓ Not enough trucks
- ✓ Road and infrastructure damage
- ✓ Road congestion
- ✓ Safety



CHALLENGES TO LOSING RAIL

- *Loss of dry Bean industry*
 - ✓ Uncompetitive because of transportation cost, compared with other production areas
- *Loss of farmer income*
- *Uncompetitive with other production areas for grain*
- *Fertilizer would cost more*
 - ✓ Inbound truck freight would be roughly \$10 per ton more than shipping by rail



CHALLENGES

- ✓ We must invest in rail transportation
- ✓ Public private partnerships
- ✓ Recognize the importance of rail for rural development



WE NEED RAIL !!!!

