



HANCOCK COUNTY PORT & HARBOR COMMISSION

Economic Development • Stennis International Airport • Port Bienville Industrial Park • Port Bienville Railroad

June 14, 2018

Jim Foote, CEO  
CSX Transportation  
500 Water Street  
Jacksonville, FL 32202

Re: Freight Rail Service on Mississippi Gulf Coast

Dear Mr. Foote,

The Hancock County Port and Harbor Commission (HCPHC) owns and operates the Port Bienville Railroad, along with the Port Bienville Industrial Park, barge docks, and the Stennis International Airport in Hancock County, Mississippi. The Commission is also the lead Economic Development Agency for Hancock County, Mississippi. The Port Bienville Railroad (PBVR) is a Class III short line providing switching and storage services for nine tenants of our industrial park. PBVR interchanges with CSX six days per week with service from the CSX Gentilly Yard in New Orleans.

We have recently attended presentations about possible passenger service between New Orleans, Louisiana and Mobile, Alabama with two trains per day east and west. HCPHC has been asked to provide letters of support for state and federal subsidies for capital improvements (e.g. rail sidings and station improvements) and ongoing operations.

We have not provided a letter of support for state and federal subsidies because we have serious concerns about the effects of passenger trains on local freight service and question the economic benefits claimed for the potential new passenger service.

#### [Port Bienville Railroad](#)

PBVR is growing, both in customer count and railcar volume. Our rail volumes have increased 12 percent in the last two years. We project another seven percent growth to over 14,600 railcars interchanged with CSX this year. Our customers are your customers, and they are shipping and receiving chemicals, resins, metals, and coal to and from at least 18 different US states, Mexico and Canada.

We recently met with a prospective tenant that would bring another 8,600 rail cars per year that would shuttle export products from Port Bienville and neighboring Harrison County businesses to

the Port of New Orleans. We also have planned land acquisitions that will support the growth of our rail business at the port. This presents a great opportunity to grow our business together.

### Port Bienville Business Park and Hancock County

The Port Bienville Railroad provides railcar switching and storage services for businesses in the Port Bienville Business Park, a cornerstone of our local economy. Our industrial park tenants directly employ 725 people, a number that has increased by 85 jobs in the last year. Our business park tenants directly provide 6.8 percent of Hancock County's total employment. These are mostly manufacturing jobs, and they support many families. Port Bienville represents an estimated 26 percent of Hancock County's tax base.

Rail business and our rail-served business park are also the foundation of our county's self-sustaining economic development organization. All of our largest industrial park tenants are dependent upon rail service. The railroad revenues and industrial park rents fully fund our infrastructure maintenance, railroad operations, and our agency's administrative expenses.

### Railroad Capacity

We know rail capacity is a finite resource requiring significant capital to develop and maintain. Approximately 29 miles of the 35-mile route between Port Bienville and New Orleans is single-track mainline, crossing miles of causeways, trestles, and three movable bridges. With just two passing sidings, throughput capacity is a major consideration. Safe operation requires maintaining certain train speeds, maintaining headways between trains, and occupying a block with only a single train at a time.

A transportation planner at our rail consultant, Strategic Rail Finance of Philadelphia, Pennsylvania, estimates that four daily passenger trains passing over the single-track mainline between Port Bienville and New Orleans would reduce freight capacity by at least seven percent in the very best scenario. But lost capacity could be fifteen percent or more.

In addition to the lost rail capacity there are several other potential freight impacts, including but not limited to:

- congestion on our navigable waterways due to closure of movable bridges impacting barge and boat traffic,
- unplanned directional changes on the single-track operations required by the passenger train schedule,
- accommodating passenger trains slowing at stations east of Port Bienville,
- waiting upon disruptively late passenger trains (previous history indicates a seven percent on time rate),
- slowing or stopping freight to accommodate a passing passenger train, and;
- westbound passenger trains having to slow down or stop before entering the "back belt" of the congested New Orleans rail gateway, where six of the seven largest railroads in North America interchange hundreds of thousands of railcars per year and trains wait to cross the Huey P Long Bridge over the Mississippi River.

## Barge Service

Hancock County Port and Harbor Commission is also responsible for maintenance of two barge routes—the Pearl River and Rigolets Pass/Little Lake from the Intercoastal Waterway that serve Port Bienville Industrial Park and the NASA Stennis facility. Barge traffic at Port Bienville has increased 230% in the last year. Right now, we have two barge terminal expansion projects planned. The first is an estimated \$9 million barge terminal upgrade project at the mouth of the port that is being funded by Federal Hurricane Katrina Recovery CDGB funds. Construction bids open this month. The second is an estimated \$8 million new rail to barge transload facility on our industrial canal that is being funded by RESTORE Act funds allocated by our Governor. The project is being designed, engineered and permitted now. Additionally, we are planning dredging projects in the next year with permits pending in Louisiana and Mississippi. Barge service is important to our local businesses because it brings in critical “just in time” feedstock to our major manufacturers and supports the rocket test facility at Stennis Space Center.

The CSX rail line operates turnstile bridges over both the Pearl River and Rigolets Passes. Additional trains over this single-track section and increasing barge traffic at Port Bienville will affect operations of both traffic modes.

## Economic Impact

We have seen a university report about the potential for positive economic impacts from new passenger service. But most of those benefits are vague and indefinite— “indirect” and “induced” impacts not direct employment. Many of those impacts are the result of churning tourism dollars, not manufacturing goods and exporting them across North America and to the world. Almost all the passenger service economic impacts result from government subsidies, not from private investment or satisfying unmet transportation needs of commuters or businesses.

Railroads do provide direct employment (e.g. our railroad directly employs 13 people) and maintenance expenditures (e.g. our railroad spends an average of \$2,000,000 per year on maintenance and capital projects). The real economic benefit of robust freight rail service is not fairly measured by IMPLAN modeling of labor trade balances. Railroads do much more, including but not limited to:

- Open new supply and customer markets to manufacturing, chemicals, agriculture, forestry, mining, and other “base” economy economic activities
- Provide cost effective access to ports for importing and export activities, including helping balance freight flows to bring scheduled marine services
- Shift heavy freight traffic from publicly funded highways (where taxpayers supplement liquid fuels taxes) to privately-funded railroads (which are themselves taxpayers)
- Positively alter the economics of doing business in our community, effecting private sector site selection, relocation, and reinvestment decisions

We suspect the economic effects of growing freight rail operations exceed possible net benefits of passenger service after accounting for government subsidies, but the university report answers only part of the question.

## Conclusion and Request

We are deeply concerned that plans and hopes for new passenger service lack context. Rail freight capacity along the Mississippi Gulf Coast is a limited and valuable resource that cannot be quickly traded for hopes for trainloads of tourists.

CSX is our primary transportation partner, and all of our freight routes through the CSX Gentilly Yard in New Orleans. We appreciate your support of growing business and freight movements on our railroad. We request help from CSX in understanding what passenger service will do to our growing freight operations, specifically:

- How much throughput capacity will passenger service take from the single-track mainline between Port Bienville Railroad and Gentilly Yard?
- What will four new passenger trains per day do to the speed, volume, and reliability of local rail service on this line?
- How will increased train and barge traffic affect each other at the Pearl River and Rigolets Pass bridges?

We see no evidence that economic impact analysis justifying public subsidies considers opportunity cost – either for alternative public investment or for use of limited track capacity. Can we can work together to estimate the real, existing, and growing economic benefits of freight rail service to our community? And, how will passenger service impact this?

Thank you for your attention to this matter and consideration of our requests. We look forward to working with you and your team on developing safe and efficient rail operations in our community and growing our region's economy together.

Respectfully,



William V. Cork  
CEO

Cc: Phil Bryant, Governor of Mississippi  
US Senator Roger Wicker  
US Senator Cindy Hyde Smith  
Congressman Steven Palazzo  
Mr. Glenn McCollough, Executive Director of Mississippi Development Authority  
Melinda McGrath, Executive Director of Mississippi Department of Transportation  
Rick Gilbrech, Director of NASA Stennis Space Center