

Does the Great Lakes Basin Transportation plan make sense?

People were shocked in March 2016 to hear that a new railroad, 278 miles long, was not only being proposed for the area, but that the approval process had begun. As citizens investigated the proposal for *Great Lakes Basin Transportation* (GLBT), the initial shock turned to deep concerns.

Its chief promoter Frank Patton has no experience with the most complex transportation system in the world, America's rail network. But more important, GLBT is abusing the approval process and has put forward an intellectually dishonest proposal that is designed to prevent anyone from effectively challenging it, because GLBT has provided no concrete details.

People were initially surprised because GLBT began the process by asking for and receiving a waiver of a mandatory 6-month notification period. This hid the fact that their plan cannot stand-up to basic scrutiny. The executives behind GLBT are making a mockery of the approval process.

What they are proposing is a shape-shifting creature in railroad form. When managing partner Frank Patton needs to impress people that there is a need for a Chicago railroad bypass, GLBT proclaims it will handle 110 trains a day.

When there are environmental hearings, the shape-shifting GLBT then states that 110 trains per day is far too many and that the number is 16 trains per day and could be few as few as eleven. When GLBT needs to ease landowner's concerns, they claim to be paying double or more of current market value for land seized under eminent domain, \$20,000 per acre. GLBT, however, must know that by law, they cannot pay above assessed market value.

In virtually every critical aspect, GLBT cannot keep its story straight. Perhaps a few contradictions can be assumed to be misunderstandings, but their plan's many inconsistencies simply indicate deception.

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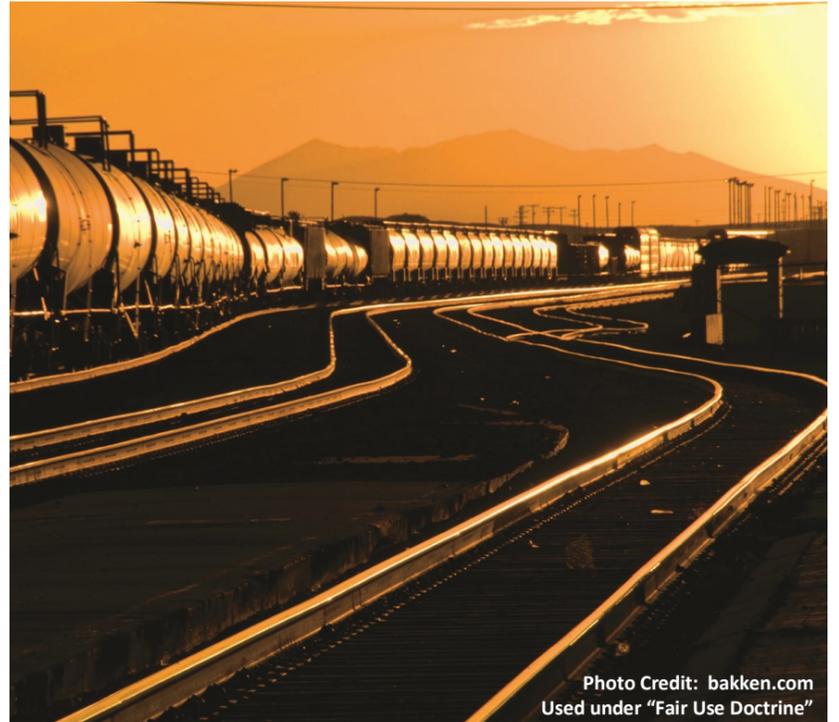


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No railroad needs a 15,000 acre rail yard!

Why is GLBT telling this whopper?

Great Lakes Basin Transportation (GLBT) has submitted a railroad proposal that is inadequate and reasonably appears fraudulent. The approval process at Surface Transportation Board (STB) is being misused and abused with intellectually dishonest and materially inaccurate statements. This can be demonstrated by the inability of GLBT to make consistent statements about their proposed railroad on any number of key facts and details.

But nothing more conclusively proves the intellectual dishonesty and deceit of the GLBT proposal than the absolutely outrageous claim that they need 15,000 acres, the equivalent of 25 square miles, for a rail yard serving their 278 mile railroad. This is absurd on its face and must be rejected.

There is no need for a rail yard anywhere near this size and GLBT knows it. Managing partner Frank Patton cannot identify a single railroad that has indicated it will divert any rail traffic from its lines to a third party belt line. America's largest railroad, Union Pacific, has publically stated it does not support the proposal, there is no need for it, and they will not use it.

Patton, depending on what suits his purpose, states the railroad will carry 110 trains a day or as few as perhaps eleven. Neither extremes of these claims justify a rail yard even one-tenth of the size being proposed. Nothing in GLBT proposal justifies 15,000 acres of appropriated land as necessary. How can eminent domain law be abused to force landowners to give up their property for the blatantly misleading and demonstrably wild fantasy of needing a rail yard this large? Who but Frank Pat-

ton has the audacity to stand before the public and falsely claim there is a need for a 25 square mile rail yard to divert freight along a 278 mile short line railroad?

Union Pacific Railroad (UP) is the largest railroad in North America, covering 23 states across two-thirds of the United States. In all, the company runs 2,500 trains per day over 32,200 track miles. By most accounts, it is the largest railroad in the world. UP has more than 6,800 locomotives, over 100,000 pieces of rolling stock, and 51,000 employees. UP also ranks right up there with some of the largest corporations in America and world.

Union Pacific's Bailey Yard in North Platte, Nebraska, is the largest railroad classification yard in the world, covering 2,850 acres and reaching a total length of eight miles. This rail yard is located in the midst of key east-west and north-south corridors, making it a critical component of *Union Pacific's* rail network. It adequately and efficiently handles 10,000 freight cars every 24 hours, sorting/classifying 3000 cars daily.

Bailey Yard consists of 315 miles of track, considerably more than the entire length of the proposed GLBT railroad! On average, every 24 hours, it sends out 155 freight trains consisting of the following complete trains: 70 coal, 60 manifests, 15 Intermodal/Auto, 6 grain/Ore, and 4 local switching runs.

Bailey Yard has 2 hump yards to sort/classify freight. These two hump yards allow four cars a minute to roll gently into any of 114 bowl tracks where they become parts of trains headed for dozens of destinations. Together, these two yards have 18 receiving and 16 departure tracks. The receiving/departure tracks typically handle 14,000 rail cars every 24 hours. The 2,850 acre *Bailey Yard* is used by UP as its central hub includes repair shops that are open 24 hours a day, seven days a week.

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Those that don't learn history are doomed to repeat it

America's first railroad, The Baltimore & Ohio (B&O), was chartered in 1828. Because it was massively subsidized by government funds, B&O kept itself solvent for most of the 19th Century. However, much of its growth was not from B&O construction.

This railroad did not need to invest in building new rail lines, because it was able to buy insolvent railroads. Not only did B&O expand its rail network without actually constructing key components of the growing railroad, it was able to acquire bankrupt lines for pennies-on-a-dollar. Historically, this is how almost every one of today's railroads was constructed.

One of the oldest financial scams in corporate history is promoting, financing, and then building railroads. The promoters & insiders behind virtually every rail line constructed in America made fortunes advocating that their railroad project be financed and built. Then those promoters and special interests stepped out of the project wealthy beyond avarice.

Next, money was raised from public and private sources. Any number of creative equity and debt schemes were created to raise funds to build the railroad. Some of this money enriched financial and banking interests that had no actual stake in the successful operations of the railroad. Like the now-wealthy promoters, the financiers made money up-front and got out of the business.

Finally, the builders came in. They were paid up-front whatever they demanded or could coerce from the railroad's bank accounts. No construction, no railroad! They were always paid as they build and then exited the business, making enormous sums of money.

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