



February 26, 2021

The Honorable Kay Ivey
Governor
State of Alabama
600 Dexter Avenue
Montgomery, AL 36130

Dear Governor Ivey:

The Alabama District Export Council (ADEC) is a volunteer organization drawn from Alabama businesses, governmental agencies, and non-profits. Established in 1973 by the President and the Secretary of Commerce, District Export Councils are mandated to support the export expansion activities of the U.S. Department of Commerce and serve as a link between the business community and U.S. Export Assistance Centers (USEAC) across the United States. Our members have in-depth knowledge and experience in international business.

The ADEC and the listed businesses and industry below are writing to express deep reservations regarding the possibility of state and federal funding for new passenger rail service in Mobile County, Ala. The Alabama State Port Authority (ASPA), rail carriers and Alabama businesses have been closely monitoring a multiyear effort by the Southern Rail Commission (SRC) and Amtrak to establish new passenger rail service on the CSX corridor in Mobile County.

CSX's heavily used single track freight corridor serves the public terminals at Alabama's only seaport. Rail freight and containerized cargo shippers from across Alabama utilize CSX's southbound corridors and often cross on to the CSX Gulf Coast corridor to access Alabama's seaport and domestic markets to the east and west of Alabama. Shippers leverage efficiencies and capacity afforded by CSX 10,000 ft. to 15,000 ft. unit trains to access customers and receive necessary materials for manufacturing, mining, retail distribution and agribusiness, to name just a few examples. Currently, all rail sidings in the CSX corridor, including Alabama's coastal corridor, are 10,000 feet or less. Yet, under federal law, freight and container intermodal rail traffic must yield track right of way to passenger rail traffic.

To be clear, CSX would not be the only rail carrier impacted by new passenger rail service along the Gulf Coast. All of Alabama's Class I railroads and several short line railroads carrying merchandise, raw materials and containerized cargoes for Alabama shippers converge at the Port Authority's terminal rail yard and cross the CSX corridor to access the public seaport terminals. With over \$1.3 billion invested to date and another \$715 million in state and federal investment underway at Alabama's only seaport, delays and added congestion on the CSX line equate to customer dissatisfaction, increased costs to shippers and adverse impact on business competitiveness across the state. These kinds of impacts directly correlate to jobs retention and creation initiatives across Alabama.

Over a year ago, when the state and the City of Mobile were asked to contribute tax payer dollars to the Amtrak/SRC project, the Alabama State Port Authority, Governor Kay Ivey and the Mobile City Council urged a freight impact study and infrastructure cost analysis be conducted to identify actual freight and shipper impacts at one of the nation's fastest growth seaports, and more importantly, to identify the necessary improvements and true public costs to establishing passenger rail in this single-track corridor. State and municipal funding was contingent upon the completion of that study. As we understand, the objective of the freight study was to determine how both existing commerce and Amtrak passenger

interests could be accommodated without adverse impacts to host railroads and their Alabama-based customers, Alabama's seaport and the state's ever-growing business recruitment, retention, and expansion initiatives.

Amtrak, with the support of the SRC, CSX and Norfolk Southern, embarked upon the above-mentioned study last spring, and the process has been funded in part by federal taxpayer dollars. The parties, with Amtrak leading the way, selected HDR, a nationally recognized firm with railroad expertise and credibility amongst rail carriers and regulators alike, to perform the necessary study work. Despite pandemic induced delays in the process, the study was targeted to be complete in first quarter of 2021.

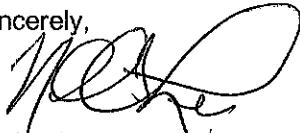
Then, in late January, the Alabama State Port Authority learned that Amtrak had abruptly and unilaterally decided not to continue with the study. Furthermore, it was determined that Amtrak had informed the other parties that it intended to "restore" passenger rail in the Gulf Coast corridor effective January 2022, declaring adequate infrastructure existed to accommodate both freight and passengers.

The ADEC and the listed business interests ask Alabama's Congressional delegation, the State of Alabama, and the City and County of Mobile to send a strong message to Amtrak by withholding public subsidy for this proposed project. We further ask your support in asking Amtrak to live up to its promise of working with the other parties to complete the study work necessary to demonstrate the full impact of passenger rail on Alabama's seaport and the state's diversified commercial interests.

Alabama Export Railroad
Alabama Cattlemen's Association
Alabama Forestry Association
Alabama Railway Association
Baldwin County Economic Development Alliance
Business Council of Alabama
Economic Development Association of Alabama
Manufacture Alabama
Mobile Area Chamber of Commerce
Mobile Steamship Association
Outokumpu USA
Premier Bulk Stevedoring, LLC

Alabama Egg & Poultry Association
Alabama Farmers Federation
Alabama Mining Association
Alabama State Port Authority
Baldwin Transfer Co., Inc.
CSA
Georgia-Pacific Packaging & Cellulose
Millard Maritime Merchants Transfer Co.
Mobile Asphalt, LLC
Nucor Corporation
Page & Jones, Inc.
SSA Gulf, Inc.

Sincerely,



Michael B. Lee, Sr.
Chairman

C: Amit Bose, Deputy Administrator, Federal Railroad Administration
Martin J. Oberman, Chair, Surface Transportation Board
Congressman Jo Bonner (Ret.), Chief of Staff, Office of the Alabama Governor