



**City of Rochelle**  
Economic Development

## **Memo**

**To: David Plyman, City Manger**

**From: Jason Anderson, Economic Development Director**

**Date: 4-2-2012**

**Re: Agreements with TLC(Ryder) and Coated Sand Solutions – City Rail Expansion**

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The City Industrial Rail (CIR) system is expanding due to the increased rail car traffic that will be created as the result of the Coated Sand Solutions project (formerly known as Project True Grit) and the Nippon Sharyo project (formerly known as Project e-Rail). Between both projects, we estimate the rail car volumes on the CIR will nearly double within the next 24 months. In order to increase the storage capacity for inbound and outbound rail cars, the CIR will undergo a system-wide improvement by adding more than 4000 ft of rail to the interchange rail yard that serves the Union Pacific main line. These improvements are not covered by any of the grants that are currently funding the CIR improvements.

The agreements attached to this memo outline a plan in which Coated Sand Solutions (CSS) will finance these system-wide improvements up to \$750,000.00. In exchange, CSS will receive a reimbursement from a portion of the revenue generated from the additional switching revenues the City and TLC(Ryder) receive from switching CSS rail cars. The plan is to reimburse \$72.00 of the \$300.00 switch fee that Coated Sand Solutions will pay for each loaded rail car. The reimbursement will continue until at which time the fund has been fully repaid. Based on anticipated rail volumes, it should take less than three years to pay CSS back.

The \$72.00 reimbursement will be a split: \$48.00 TLC(Ryder) portion and \$24.00 CIR portion. During the reimbursement period, the CIR will still receive \$51.00 and TLC(Ryder) will receive \$177.00 for every rail car switched on the CIR that belongs to CSS.

Staff recommends the City Council enter in to both agreements for the purpose of expanding the CIR's rail capacity in conjunction with the start up of additional rail served customers.