



Memo

To: David Plyman
From: Jason Anderson
Date: April, 22, 2015
Re: Switching Services Agreement with Burlington Junction Railway

Over the past 10 years the City Industrial Rail has undergone significant changes. During this 10 year period the City and Ryder had an operating agreement which governed the switching and maintenance of the CIR. 7 years ago Ryder subcontracted the switching operations to the Burlington Junction Railway out of Burlington Iowa. The BJRY operates in 7 locations across the Midwest and is considered to be one of the premier Short line switching operators in the country. With the expiration of the Operating agreement between Ryder and the City on April 16, 2015 the City entered into a interim agreement with the BJRY to operate the CIR under the City of Rochelle until the City Council approves a new 5 year operating agreement between the City and BJRY. The new operating agreement has defined new revenue allocations which include the City receiving 25% of the switch absorption fees into the Railroads general funds and an additional 15% to be deposited in the CIR Capital Improvements funds. Additionally the City receives 100% of the storage fees for customers who have a need for temporary storage of rail cars.

The City Manager and Staff recommend the City Council approve the 5 year agreement with the BJRY for the switching and maintenance services on the CIR per the agreement.