



Memo

To: City Manager David Plyman
From: Economic Development Director Jason Anderson
Date: September 7, 2016
Re: Track Use Agreement with Ryder Integrated Logistics, Inc.

The contract to operate City of Rochelle Railroad (CIR) by the Ryder Logistics Co. expired on April 15, 2015. The operations were then taken over by the BJRY and the City. Since the time in which the Ryder Co handled the CIR's switching needs, volumes of railcars being switched on/off the CIR increased from 3,200 railcars/year (of which ~2,800 cars were bound for the Ryder facility) to more than 10,000 railcars/year. The increase is due to non-Ryder traffic. Expansion of the CIR has not been able to keep up with the increasing demand for space to switch and store the increasing volume of railcars.

A temporary solution has been to continue to utilize the Ryder yard for storing and switching non-Ryder railcars bound for other industries. The City and the Ryder Company have come to an agreement that would allow the CIR to continue to operate within the Ryder Yard for the purposes of switching non-Ryder railcars. The CIR will compensate Ryder by designating \$90/Ryder railcar from the switch absorption fees which are paid to the CIR from the Class I- Railroads. The agreement will for 3 years beginning April 16, 2015 and terminate on April 15, 2018. Compensation for the rail cars that have been switched through the CIR to Ryder between April 16, 2015 to the present has been calculated and will be paid upon approval of this contact. Going forward the CIR will compensate Ryder on a monthly basis as the BJRY records the number of Ryder railcars switched on to the Ryder yard. The long term solution for additional space is being addressed through the expansion of the CIR to the south.

Staff recommends the approval of the Track Use Agreement as presented.

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