

OCT 6 2011

Part of  
Public Record

Ms. Cynthia Brown  
Chief, Section of Administration, Office of Proceedings, Surface Transportation Board  
395 E Street, SW  
Washington, DC 20423

OCT 6 2011

231059

**RE: Grenada Railway, LLC – Proposed Abandonment of Railroad in Mississippi - STB Docket No. AB-1087 X**

Dear Ms. Brown,

Let this letter serve as a formal protest as well as a request for a formal public hearing on the proposed abandonment by Grenada Railway LLC ("GRYR") of the segment of track located between MP 622.5, South Grenada and MP 703.8, North Canton, a total distance of 81.3 miles located in Grenada, Montgomery, Carroll, Holmes, Yazoo and Madison Counties within the State of Mississippi.

Grenada Railway LLC ("GRYR") purchased the segment of track from the Illinois Central Railroad and commenced operation of the section of track known as the Grenada District in July of 2009 with a promise to operate the railroad for a period of two years. They also made promises to promote business for the Grenada District to gain support from local Mississippians so that their purchase deal would meet little to no opposition. The only statement that rang true is that they operated the southern section for two years. Every other promise made was not kept.

Now in 2011 right on time they file for abandonment of the southern portion of the Grenada District confirming all our fears from two years ago. They have raised rates to a level that made it hard for local shippers to continue using rail service. I find it funny how a rate can be cheaper going a farther distance than utilizing the more direct route via the southern portion of this line. The bridge that they claim is in such a sad state of disrepair has been in the exact same condition for years. I personally have operated trains over the bridge in question and never noticed anything at that time different from today. I would request the Board appoint a neutral third party to investigate Grenada Railways claims that this bridge is unfit for service. As a railroad professional for over 17 years it has been my experience that Grenada Railways' parent company, A&K Railroad Materials, is not in the railroad business to operate railroads but is in the business of dismantling them. This appears to be the case here. While this may be a legal enterprise, it certainly does no good for any of us in Mississippi. Mississippians depend on our transportation infrastructure to conduct business now or to attract it for the future. We need the Grenada District to remain intact for that purpose.

If the board allows this exemption to become effective and allows the track in question to be removed the board will only be setting the stage for future fillings to chip away the remaining carcass of the railroad that is left. This will have a devastating effect to the economy as a whole for the ENTIRE northern part of our state. This will limit our ability to be competitive to other places that are not in danger of losing their railroad. This abandonment would also be detrimental to national defense as this lines' close proximity to the I-55 corridor which makes it more suitable for military operations.

**Ms. Cynthia Brown, Grenada Railway LLC, STB Docket AB-1087 X**

The next item that I disagree with is the amount the Grenada Railway LLC, ("GRYR") claims that the segment of track is worth. I feel this is a VERY bloated estimate of the value of the property in question. Let me elaborate. The segment of railroad in question is predominately 112 pound rail rolled between 1947 and 1955 and is jointed rail in 39 foot lengths over the entire 81.3 miles of line. In the past the Board has only allowed assessed value at the present rate of scrap metal minus labor for removal and environmental cost. Being that we really don't know the weights of the smaller items I will base the price upon wholesale for those items which adds slightly more to the final outcome however this is the only number we have so I will use it just to get an estimate. Incidentally, this works slightly to GRYR's favor.

The rail line is 81.3 miles in length so a base rail length total is 162.6 linear miles of 112 pound per yard rail. That equates to 162.6 times 5280 feet per mile to achieve 858,528 feet of rail. We will now divide this by 3 as it is measured pounds per yard to get 286,176 yards of rail at 112 pounds per yard to get 32,051,712 pounds of rail this is then multiplied by .13 cents per pound (last price I obtained locally from Treesaver Recycling, Independence, MS) this totals out at \$4,166,722.56 USD for the rail.

Next we will look at the rail joint bars that sell wholesale at roughly 28 dollars per pair. Taking total rail footage of 858,528 feet and dividing this number by 39 feet per rail length we come up with 22,014 pairs of bars at 28 dollars per pair each and get a gross of \$618,393.00 USD.

Tie plates are another source of revenue for someone salvaging railroad track so we will take a look at those. The tie spacing in this line is set at 18 inch centers. This gives us 3520 crossties per mile. There is 81.3 miles of railroad so that is roughly 286,176 ties over the length of the 81.3 miles of track. There is 2 plates per tie so that adds up to 572,352 tie plates. At wholesale for this amount of plates they can be had for a buck each so the net income for these is roughly \$572,352.00

The profit from the crossties will probably be eaten up by the environmental disposal fees for the ties that are not salvageable so I will calculate the profit at \$0.00

Grade crossing signals and grade crossing surfaces in the state of Mississippi have traditionally remained property of the agency that bought them in the first place, in this case, MDOT. So I will calculate the profit from these at \$0.00 also.

The ABS system on this section of track was discontinued last year and as such is of no consequence in this proceeding as they can be removed without further delay and at this point don't affect the continued operation of this railroad. Likewise they can be sold without removing the track.

The bridges on this line from what I read will remain in place so likewise are of no monetary value. Likewise they too will not affect the final outcome of the salvage profits.

For spikes bolts and other scrap rail switches etc. I will give a factor of 10% of the final steel value as there is really no way to accurately determine their weight and therefore cannot get a final value at this time.

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Total metal value as of this writing is based on current market conditions and may fluctuate with the commodities markets. The total value is approximately \$5,893,214.26 USD as of today 10/05/2011.

The next item of real value is the actual land the railroad is resting on, that is the ROW. Over the section of track that is listed in the exemption petition there are no buildings with the exception of a motorcar shed located in Winona, MS and it is about to collapse so it is worthless in my opinion. The average ROW width over this rail line is 100 feet with the track at 50 feet center line. With this as a base we can assess the value of this land. We will first calculate just what is here.

An acre is 43,560 square feet. A mile is 5280 feet long. We divide the square footage by a mile and come up with 8.25 feet in width X 1 mile long equals an acre. Since the average width of this lines' ROW is 100 feet we will divide this by 8.25 and we get 12.12 acres per mile. We next calculate the total acreage, 81.3 X 12.12=956.36 acres total for the 81.3 miles of ROW.

The average price per acre in the state of Mississippi is based upon figures for comparable land in the counties this rail line traverses that was found via an internet search. With the ROW only being 100 feet wide it would be nearly useless to anyone with the exception of the adjacent land owner. The appraisal included in the exemption petition did not reflect current market value but rather was based from previous land sales in the respective areas. Due to the nature of the railroad ROW is not always accessible and is of limited use beyond an adjacent land owner it would be difficult to sell at best. With the current state of the economy and the limited usefulness of the property coupled with the current average asking prices I come up with \$1150.00 per acre. This equates to a total asking price of an average of \$1,133.159.40 USD as a fair market price.

Grenada Railway cites different figures from the study that was conducted to gain an inflated property value citing the possible future usage as a rail corridor. Being realistic, if the track is ever removed the ROW will never be used for a future railroad as it would be cost prohibitive and the legal hurdles would quickly outweigh the benefits. Therefore and outright sale price of the ROW would be more on the realistic side of things, hence the lower resale value based on the stated factors.

The quote of \$17,755,000.00 USD submitted by Nevada Railroad Materials seems inflated in my personal opinion. I would like to see where they come up with their estimates as to the total value they placed on the materials in a cost breakdown. This way they could be cross referenced to known retail values to see if they are in fact legitimate. However, this information is not present in the petition. I would also question the motives behind the rather inflated bid. However as stated previous board decisions were based on scrap value, not retail value (ILLINOIS CENTRAL RAILROAD COMPANY--ABANDONMENT--BETWEEN ABERDEEN JUNCTION AND KOSCIUSKO, IN HOLMES AND ATTALA COUNTIES, April 15, 1997, MS AB\_73\_163), (MISSISSIPPI TENNESSEE HOLDINGS, LLC--ABANDONMENT EXEMPTION--IN UNION, PONTOTOC AND CHICKASAW COUNTIES, November 2, 2004, MS AB\_868\_0\_X). These however are only observations based on my railroad experience of 17 years.

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I am positive my opinion will spark some debate. However, the mathematics are what they are. Based on other petitions that have been approved by the board, my cost estimates are closely aligned with those previous cases. Therefore, the numbers submitted by the Grenada Railway have a strange ring to them.

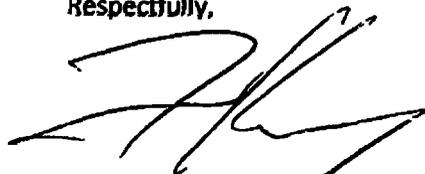
In closing we see the total values are considerably less than what is quoted and there is no supporting documentation to substantiate the values claimed in the petition for exemption. I used simple internet searches and knowledge of current prices we pay and earn from surplus track materials in my equations.

We are left with the total scrap and wholesale value of the track materials adding those to the reasonable asking price of the land would calculate as follows;

\$1,133,159.40 Real property/Land  
+ \$5,893,214.26 Track Material  
= \$7,026,373.66 Gross Estimated Liquidation Value for the 81.3 miles of line

Obviously there are cost to remove the track and sell the property. These would have to be calculated at the time they are known and deducted from the total. It is my hope that the Board take into account the extremely large amount of opposition being garnered against this filling and take into account Mississippians' need for our infrastructure to remain intact.

Respectfully,



Robert J. Riley  
Locomotive Engineer  
1799 Greer Rd.  
Coldwater, MS 38618  
662-209-1549

## **Certificate of Service**

**RE: Grenada Railway, LLC - Abandonment of railroad line in Mississippi - STB Docket AB-1087X**

I, Robert Riley, have served all parties of record listed below by first class mail on October 5th 2011.

**Party of Record: Brown, Walter**  
Walter Brown Law Firm, PLLC  
P.O. Box 963  
Natchez, MS 39121

**Party of Record: Diaz, Pablo**  
Grenada County Economic Development District  
81 S. Church Street  
Grenada, MS 38901

**Party of Record: Flanagan, Jim**  
De Soto County Economic Development Council  
316 West Commerce Street  
Hernando, MS 38362

**Party of Record: Hart, Mayor Larry**  
City of Water Valley  
P.O. Box 888  
Water Valley, MS 38965

**Party of Record: Kahn, Fritz**  
Fritz R. Kahn Pc  
1920 N Street Nw 8Th Floor  
Washington, DC 20036-1601

**Party of Record: Nichols, J. Burke**  
Carlisle Construction Materials  
1201 Scott Street  
Senatobia, MS 38668

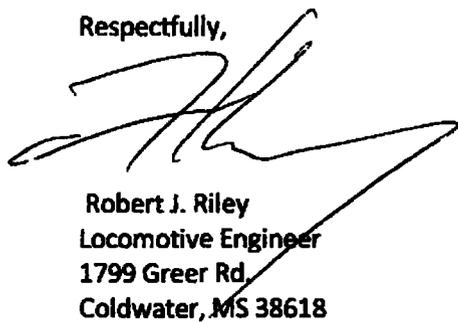
**Party of Record: Cockroft, Mayor Jimmy W.**  
City of Kosciusko  
222 East Washington Street  
Kosciusko, MS 39090

**Certificate of Service Cont.**

**RE: Grenada Railway, LLC - Abandonment of railroad line in Mississippi - STB Docket AB-1087X**

Party of Record: Rone, James H.  
Newly Weds Foods  
5980 Hunt Road  
Lake, MS 38367

Respectfully,

A handwritten signature in black ink, appearing to read 'Riley', is written over the typed name and address of Robert J. Riley.

Robert J. Riley  
Locomotive Engineer  
1799 Greer Rd.  
Coldwater, MS 38618