

New Union Pacific rules could speed up TransPort's mission

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New, tighter rules for getting new rail service from Union Pacific Corp. could hamper economic development along old, unused spurs around Denver and the nation.

But they also offer a big boost to TransPort, the 6,300-acre cargo hub planned for east of the E-470 and I-70 interchange.

"It puts us in the position to meet the needs of rail-serviced industry," said Bill Schuck, president and CEO of Schuck Corp., the Colorado Springs-based project developer.

TransPort plans call for a rail-air-truck freight complex at the site. Schuck said his group has been working closely with Union Pacific (UP) for years and will use the new guidelines -- issued in a Sept. 14 letter by Jack Koraleski, UP's executive vice president for marketing and sales -- to design a rail system at TransPort that fits UP's requirements.

The issue is rising demand for rail service in the last few years, and UP's desire to keep its trains moving over the long haul rather than stopping to pick up or drop off a few rail cars.

"More customers are coming to us wanting us to serve them," said James Barnes, spokesman for Omaha-based UP (NYSE: UNP). "But the places where they want us to serve them [are not] at places where we can easily interrupt mainline service."

Barnes said the new guidelines were issued to help potential clients see what they must do in order to do business with UP.

"They're not able to just build facilities and then expect us to stop on a dime to serve them," Barnes said.

Schuck said UP appears to want a new model for setting up new rail service where it could take entire trains off the mainline track and have a third party -- such as TransPort - bring the freight to the client.

But the new rules will make it a lot harder for customers who set up shop along old, unused rail spurs, with hopes of starting new rail service with UP, Schuck said.

"We have to be in a position to provide service to our existing customers and very carefully bring on new business," Barnes said. "We're making sure potential new business is aware of the guidelines that need to be followed so they don't inadvertently make

investments in infrastructure that won't bear fruit for them in terms of receiving railroad service."

Koraleski's letter said UP, the nation's largest freight railroad with a 33,000-mile network, had received a record number of requests for rail service to new facilities in the past year.

"These guidelines provide the basic requirements for any potential customer to use in assessing their options for rail service," the letter stated.

On UP's list is a requirement that new customers have enough track and space to store empty and loaded rail cars.

Schuck said TransPort's plans include a 1,000-acre rail-served park with a switch, or exit ramp, from UP's mainline tracks along I-70.

"We working very closely with them," Schuck said.