

Return of the Iron Horse

by

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[Chronicled in the case is the development of a rail line from the bottom of the bluff area along the Mississippi River in Southern Minnesota, to its nearly 600 miles westward expansion. As history would have it, fortunes get changed rapidly when new technology and economic interests enter the picture. For example, ethanol plants get built along the North Prairie and Eastern Railroad (NPER) lines, and unitized trains of coal and ore are shipped from the arid western region of the United States and unloaded into Mississippi River barges. Oronoco is faced with a dilemma. Since the tracks run through the middle of its downtown business district, where McGruder Trust Medical Campus is located, would the increased rail traffic hinder the hospital's operation, and threaten a downtown area that already was under severe economic pressure. Arguments for and against the "Iron Horse" once more come to the center of the city council's decision table and the issue of patient safety collides with the otherwise economic interests of NPER and Oronoco.]

The survey team struggled, cursed and sweated its way up one valley after another in a seemingly futile search for that one elusive coulee, with a forgiving five-degree or less slope, that would permit a steam locomotive to leave the flat Mississippi River plain and claw its way up through the bluffs and out onto the rich, flat, and fertile prairie land. As the autumn of 1870 set in they finally found the right pass. Within a few months, the river port of Stockton Junction was founded at that point where the new North Prairie and Eastern Railroad (NPER) would start its journey west.

New towns and villages sprang to life along the route of the NPER as its crews laid ties and rails for over 600 miles or until they had reached the edge of the arid basins of the west. Here the NPER stopped as there was little prospect of or need for freight to be hauled into or out of this region. During the years that followed, the NPER prospered as did most town along its route while those towns that were by passed tended to wither and eventually become "ghost towns." One NPER town, Oronoco, prospered more than all the others. Early on the McGruder brothers rode the NPER to Oronoco and founded what was to become one of the premier local business and medical colleges, and then later go own to gain a national and international reputation for quality. In a peculiar sort of way, the rails, ties, and "bed" looked like a surgeon's suture. The McGruders built their new campus as close to the NPER train depot as possible so that patients, students, and visitors would have pedestrian access to the clinic and hospital. Of course, skywalks or "gerbil" tubes would come a century later as would the untamable automobile.

As time passed, NPER's shipping volume dropped precipitously due to competition from trucks and the ribbons of interstate highways that crossed the United States and linked commerce with an awesome transportation infrastructure. In the past, the NPER would run about ten trains a day along its eastern route and by the 1960s, less than one daily NPER freight passed down the line and it usually crept through Orinoco in the middle of night. The trains would travel another 20 miles before reaching the sleepy farming town of Enterprise. Here the crew would stop and test the brakes on their aging locomotives before beginning their descent to

Stockton Junction and scenic, “mighty river,” that lay below. Stockton Junction continued to flourish as a port, but much of its bulk cargos consisted largely of corn and soybeans shipped by truck and the NPER became a second rate supplier. The NPER “teeter-tottered” on the edge of bankruptcy for many years as operating revenue dwindled and as the taxes extracted by the states and cities along its route, especially Orinoco and Stockton Junction, continued to increase.

As one local historian put it, “...history has a way of changing fortunes quickly.” Suddenly, NPER’s business prospects did not seem to be so dismal after all valuable ore was discovered in the dry basins at the very western edge of NPER’s line and the alternative fuels industry took off! Ethanol plants were beginning to be built along the NPER because of the economies of shipping the finished product efficiently in tankers to petroleum refineries.

With its financial picture looking brighter now, NPER implemented a two-pronged strategic plan that enabled them to simultaneously court investors and put into place a rail and terminal rehabilitation project in anticipation of hauling unitized loads of ore and ethanol down to Stockton Junction where they would be unloaded into river barges or connected to transcontinental railroads for nation-wide distribution

In implementing its comprehensive plan, NPER negotiated an agreement with the town of Enterprise to build a state-of-the-art rail yard. In this yard, they would break down the loads of ore and ethanol into smaller unites and be able to make the descent from the bluffs to the river basin more safely. The company also promised to add up to 35 full-time, high paying jobs.

Up and down the line, towns and cities applauded NPER’s plan because it reduced the costs of energy, made coal-fired electrical generation more competitive, and gave a boost to the other industries that would be able to benefit from having a healthy, modern, railroad connecting their cities.

Meanwhile, the Oronoco mayor and city council faced a dilemma. The NPER tracks ran right through the middle of its downtown business district and the McGruder Trust had no intention of standing idly by and watching its image and environmentally secure medical campus get threatened by the prospect of freight trains rolling every 20 minutes or so, at all times during the day and night, spewing ore ash and dragging carloads of potentially explosive (hazardous) ethanol. In addition to McGruder’s opposition, Mayor Stanley Tunney was besieged by demands from motorists and homeowners insisting that the city block any increase in NPER’s traffic through the city. The Chamber of Commerce also entered into the fray and objected to the increased train traffic because “...it would jeopardize their well thought out and developed plans for saving what remained of the traditional downtown business district and the retail stores that were still there.” The downtown area was already threatened by the “big box” stores that had already set up on the edges of the city and a substantial increase in NPER traffic would give a “double-whammy” to viability of the downtown area.

Mayor Tunney was not the typical mayor when it came to understanding the railroad business. As a child he learned from his father a great deal about locomotives and the variety of different rail cars that were produced over the years. As a model train enthusiast, he could talk with veteran engineers and railroad aficionados about the different types of motor power: steam (wood, coal, and petroleum), diesel, gas turbine electric (GFTEL), electric, magnetic and the new experimental or hybrid models. In particular, he had an abiding interest in locomotive engines made by General Electric, such as the GE Dash 7 DC, the GE Dash 8 DC, The GE Dash 9 DC, GE AC 4400, GE Genesis, Blue Tiger and GE 7FDL AC/DC and especially the new GE DC Evolution Series with its GEVO 12 cylinder engines that produced 4400 HP while using less fuel and having lower emission levels than the earlier generation of locomotives. To some considerable extent this helped him deal with the many questions, some well-founded, others simply unfounded, that came from different constituencies.

Indeed, as might be anticipated, some citizens welcomed the prospects of a greater railroad presence in Oronoco and they focused on the positive effects it might have in attracting new manufacturing jobs to town. The

city attorney warned that it would be difficult to block the railroad from running additional freight trains down its tracks — tracks and land that made up their “right of way” and had been given to them over a century earlier.

The city raised safety concerns with NPER. The railroad acknowledged that the railroad tracks and equipment were in a “...sad state of repair,” but promised that they would be upgraded and modernized, and in respect to their safety concerns, they would be minimized. NPER representatives also indicated that the railroad was on a flat grade and on a straight route through town and there were no marshaling yards or bridges. They intended to place new, welded rail on top of concrete ties similar to those used in Japan and Germany, on a rebuilt roadbed. Its trains would be pulled by a new generation of the most advanced General Electric locomotives — powered by engines that meet all EPA emission standards. Additionally, the locomotives would meet the noise levels established by the city and pass through Orinoco in about half the time it took the old freight trains. Also, NPER offered to work with the city to ensure that all crossings and safety barriers were upgraded. Last, NPER stated that the chances of any derailment taking place within the city limits would be minimal and that the ore carried would produce a minimum of particulate pollution.

The city council heard the arguments for and against NPER’s plan and remained divided. The city’s single biggest economic resource remained the McGruder Campus, and they remained irrevocably against any increase in traffic even though the railroad line gave them and the city assurances of safety. The well-endowed McGruder Trust expected the city to go on the offensive. The last arrow that remained in their quiver had not yet been drawn. If the city failed in its negotiation, they would raise the awesome challenge of how their thousands of hospital beds would be evacuated in case of a hazardous spill, fire, or accident on the rails adjacent to their medical facilities, and even more daunting, where would their patients be housed. To develop an emergency plan of the magnitude and complexity that would need to be in place would require serious, protracted thought and planning in order to deal with evacuation, emergency transportation, and care of their diverse patient load and the associated levels of criticality.

Questions and Instructions:

1. What arguments would you make as the mayor of Oronoco to either support or object to NPER’s plans. Please be specific.
2. As the executive director of McGruder’s Trust, what would constitute your strongest argument against NPER running nearly 100 trains through the city daily, carrying potentially hazardous materials, and in close proximity to your clinic, hospital and other medical facilities? Please detail your objection.
3. If you were president of Oronoco’s Chamber of Commerce, how you respond to the competing arguments presented by McGruder’s Trust, NPER, and the city’s mayor? Please elaborate.
4. With an upgraded rail infrastructure, are there any other concerns that the citizens or businesses might have about the type and frequency of train traffic through their city? Please explain.

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Case 15: Return of the Iron Horse

Name:

Case Log and Administrative Journal Entry

This case analysis and learning assessment is printed on perforated pages and may be removed from the book for evaluation purposes.

Case Analysis:

Major case concepts and theories identified:

What is the relevance of the concepts, theories, ideas and techniques presented in the case to that of public management?

Facts — what do we know for sure about the case? Please list.

Who is involved in the case (people, departments, agencies, units, etc.)? Were the problems of an “intra/interagency” nature? Be specific.

Are there any rules, laws, regulations or standard operating procedures identified in the case study that might limit decision-making? If so, what are they?

Are there any clues presented in the case as to the major actor’s interests, needs, motivations and personalities? If so, please list them.

Learning Assessment:

What do the administrative theories presented in this case mean to you as an administrator?

How can this learning be put to use outside the classroom? Are there any problems you envision during the implementation phase?

Several possible courses of action were identified during the class discussion. Which action was considered to be most practical by the group? Which was deemed most feasible? Based on your personal experience, did the group reach a conclusion that was desirable, feasible, and practical? Please explain why or why not.

Did the group reach a decision that would solve the problem on a short-term or long-term basis? Please explain.

What could you have done to receive more learning value from this case?