



October 10, 2011

Mr. Douglas Ferguson
Chicago Metropolitan Agency for Planning
Suite 800, Sears Tower
233 South Wacker Drive
Chicago, IL 60606

Dear Mr. Ferguson:

Please recall our recent agreement (Section 10-00033-00-MS, Project CMM-9003(689), Job No. C-91-728-10) for the acquisition of seven (7) ultra-low-emitting genset switch locomotives (ULEL's) for use in our Proviso Yard.

The delivery of those units will start in a few weeks, and we will immediately begin the 'debugging' process as well as continue the training efforts for mechanics and trainmen that have been ongoing. We are excited to get them up and running, and to then showcase their capability on the hump and trim operations.

We understand that progress on several other CMAQ contracts is lagging and that funding may be available for redistribution. We would welcome the opportunity to acquire more ULEL gensets, and have the ability to utilize up to 14 more at our Dolton facility (Yard Center). We anticipate that we would be required to comply with the provisions of the above referenced agreement if this request is approved. One key element that would need review and further discussion however is the delivery schedule.

Please call Lanny Schmid at 402.544.2262 to discuss this request at your earliest convenience.

Sincerely,

A handwritten signature in black ink that reads "RM Grimaila".

Robert M. Grimaila
VP Safety & CSO

From: Lanny A. Schmid <LASCHMID@up.com>
Sent: Friday, October 21, 2011 3:58 PM
To: Doug Ferguson
Cc: Johnson, Jason L; Holly Ostdick; Russell Pietrowiak
Subject: Fw: CMAQ - UP - GenSet Project Agreement
Attachments: pic12382.gif

I am providing more details that will aid in your evaluation of this project, including :

- these switchers would have less horsepower (1400 vs 2100) and tractive effort (4 axles vs 6) than those at Proviso given the nature of the work at Dolton;
- the approximate cost (based partially on a fairly old quote and estimated price increases) is \$1.6 million each, or roughly \$22.5 million total for the 14 gensets; and,
- all 14 gensets would be acquired and operating by mid 2013, targeting 7 for delivery in mid/late 2012 and 7 in the first half of 2013.

Recognize that these are rough numbers to aid in gaining an overall perspective of the cost and timing for the project; we'd prefer to get firm quotes for these gensets to better quantify actual costs.

Lanny

Lanny A. Schmid | Director Environmental Operations | Union Pacific Railroad | 1400 Douglas Street -

Chicago Metropolitan Agency for Planning

CMAQ Cost Increase Analysis

TIP ID: **04-09-0002**

Description: **Union Pacific Railyard Switcher Engine Retrofit**

Ranking Computation

	2009 Award	2010 Award	2011 Increase
Kilos VOC eliminated	15509.2667	76,384.9551	181,527.67
Cost	\$3,200,000	\$ 8,000,000	\$ 33,600,000
\$/Kilo VOC eliminated	\$ 206	\$ 168	\$ 185
Rank		6	8

Project Expenses

	Federal Share	Total	Fed %	Basis
2009 Award	\$2,080,000	\$3,200,000		
2010 Award	\$5,200,000	\$8,000,000	65.0%	Approved project
2011 Increase	\$21,840,000	\$33,600,000	65.0%	Letter from Sponsor
Increase Amount	\$ 14,560,000	\$ 22,400,000		

2009 award for 2 switch engines
 2010 award for 5 switch engines
 2011 request for 14 switch engines

FY 2010 CMAQ Program

CMAQ ID	Facility to be Improved	\$ Per Kg VOC Eliminated	Proposed total
DR01103208	Diesel Particulate Filter Retrofit for CTA Buses	\$252	\$11,920,000
DR13103219	Cook County DPF Diesel Retrofit	\$110	\$582,738
DR01103209	Retrofit of Amtrak Switcher Engines	\$131	\$1,200,000
DR07103216	CSXT Barr Rail Yard Switch Engine Retrofit	\$133	\$3,900,000
DR13103211	Indiana Harbor Belt Railroad Switcher Engine Retrofit	\$145	\$958,100
DR04103212	Union Pacific Proviso Railyard Switcher Engine Retrofit	\$168	\$5,200,000
DR13103215	Indiana Harbor Belt Railroad Retrofit	\$176	\$4,641,000
DR06103213	BRC Clearing Yard Switcher Retrofit	\$183	\$2,798,250
Revised Rank		\$185	
DR10103218	Diesel Retrofit Project	\$71	\$23,400
DR13103221	Norfolk Southern Railway Co Switchyard Diesel Locomotive Retrofit Project	\$230	\$3,380,000
DR03103210	Diesel Fleet Emissions Reduction Project	\$413	\$221,600
DR13103220	Diesel Engine Retrofits	\$539	\$4,680,000
DR13103381	Installation of GenSets on Two Metra Switch Engines	\$857	\$2,800,000
DR07103214	Diesel Vehicle Replacement Program	\$12,125	\$0
DR08103217	Public Works Diesel Emissions Reduction Project	\$11,482	\$0
DR13103222	IDOT Maintenance Fleet Air Pollution Reduction Effort	\$1,575	\$0