

Freight Rail Program

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WSDOT's Overall Role for Freight

- Authorized and guided by the Revised Code of Washington (RCW)
- Strategic Planning
 - Coordinate with public and private sector partners to develop strategic freight rail plans
- Recent Planning Accomplishments
 - Marine Cargo Forecast (Collaborated with the Washington Public Ports Association (WPPA)) 2009
 - Washington State Freight Rail Plan 2009
- WSDOT was recently awarded \$400k in federal funding to develop a new Washington State Rail Plan, which will outline the future of the passenger and freight rail in Washington and propose plans and methods by which to improve the overall rail environment.

WSDOT's Overall Role for Freight

- Freight Rail Program Operations
 - Freight Rail Investment Bank (FRIB) - \$4,078,838 (7/2008 - 6/2013)
 - Freight Rail Assistance Program (FRAP) - \$13,750,00 (2003 - 2013)
 - Grain Train Program - \$754,000 (self supporting)
 - Produce Rail Car Program - \$2,094,500 (Fed funds thru 2014)
 - State-Owned Rail Lines (PCC and Royal Slope - Preservation and Rehabilitation) - \$12,750,000

WSDOT's Overall Role for Freight

- Some examples of Freight Capital Project Management
 - Tacoma Rail - Yard Track Relay - \$361,000
 - City of Richland - Loop Track - \$250,000
 - Port of Columbia/Wallula to Dayton - Rehabilitation - \$274,152
 - Port of Everett - New Rail Track - \$1,077,000
 - Port of Vancouver - Grain Spur Extension - \$527,000
 - Port of Vancouver - Farwest Steel Rail Spur - \$250,000

WSDOT's Overall Role for Freight

- Statewide Freight Rail System Utilization Data and Information
 - Build an understanding of freight rail as part of a strategic multimodal transportation system.
- Public Outreach
 - Provide outreach to broaden the understanding of railroad system costs, benefits, and investments to form a cohesive and efficient multimodal transportation network.

Freight Rail Assistance Program (FRAP)

- The Washington State Legislature authorized WSDOT, under ESSB 5352, Section 310, Chapter 470, Laws of 2009, to provide grants or loans for the Freight Rail Assistance Program (FRAP).
- The Freight Rail Assistance Program is a grant program.
- By November 1 of each year, WSDOT is required to submit a prioritized list of recommended projects to the Office of Financial Management and the Washington State House and Senate Transportation Committees.

Freight Rail Investment Bank Program

- The Washington State Legislature in ESHB 1175, Section 309, Chapter 367, Laws of 2011, authorizes WSDOT to provide loans for the Freight Rail Investment Bank Program.
- FRIB differs from general capital investments because the recipient of the FRIB funding repays the loan amount provided for the project.
- By November 1, 2011, WSDOT was required to submit a prioritized list of recommended projects to the Office of Financial Management and the Washington House and Senate Transportation Committees.
- WSDOT issued a “Call for Projects” August 17, 2011, based on legislative priorities. Proposal submittals were due back to WSDOT by September 16, 2011. WSDOT received three project loan requests.

Project Loan Requests & Verification

WSDOT verified information provided within applications that included the number and location of shippers, carloads moved, economic benefits, etc. In addition, the following risks were reviewed:

- Potential risks to project completion resulting from environmental impacts
- Potential cost risks due to the estimates provided not being sound or not allowing enough for cost increases due to inflation or any other factor

All three project loan requests came from financially stable public organizations. All three were recommended for a loan based on the benefits exceeding costs. Each entity appears to have the ability to repay the loans.

Project schedule milestone dates were verified with the assumption that funds would be made available by July 1, 2012. If funds are not available until a later date, project milestone dates will need to be adjusted.

Scoring Criteria Element

All three project loan requests are recommended to receive loans.

Each request was scored in 10 different categories by WSDOT Rail Office staff.

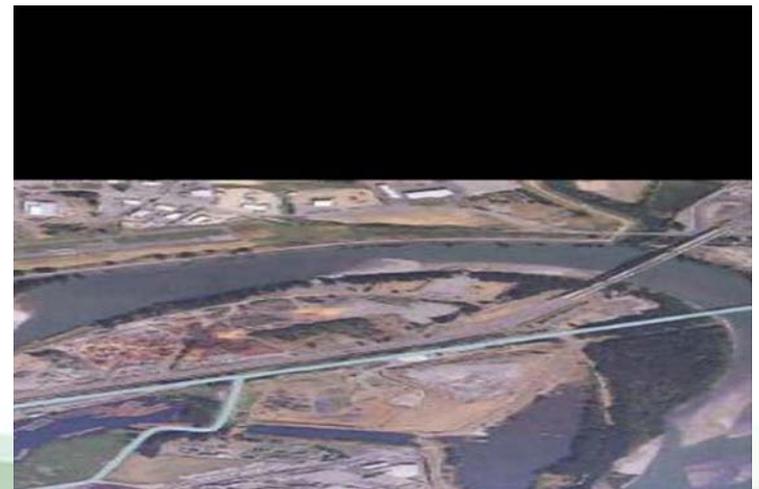
- Economic development benefits (25 points)
- Viability (15 points)
- Financial and or in-kind participation (10 points)
- Safety improvements (10 points)
- Preservation of corridor (10 points)
- Geographic balance (10 points)
- Delay reduced on statewide railroad system (5 points)
- Reduction in greenhouse gases (5 points)
- Reduced impacts to road infrastructure (5 points)
- Environmental benefits (5 points)



Port of Longview Rail Loop

Project Description

- The construction and installation of one new turnout and 2,700 feet of 136 lb. rail track.
- New track will connect to the existing Port rail system, creating a second loop track capable of accommodating 110 rail car unit trains from the BNSF and UP mainline into and out of the Port's waterfront and West Industrial Park properties. The Port's rail system provides a lead rail to the mainline track, unimpeded by at-grade crossings. The proposed project will be a loop track connection providing the final link for completion of a second loop track.
- Ranking: 1
- Score: 38



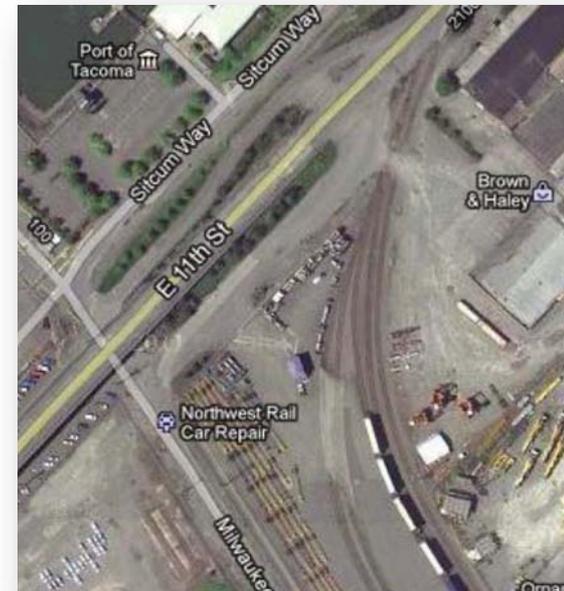
Port of Longview Rail Loop Funding

Funding Source	Public or Private	Cash or In-Kind	Amount
Local - Other	Port of Longview	Cash and In-Kind	\$171,536
Railroad			
WSDOT Loan	Public	Cash	\$857,664
Federal Funds	Public		
Other			
Total			\$1,029,200

Tacoma Rail East 11th Street Grade Crossing

Project Description

- The project removes the deteriorated asphalt grade crossing installed at East 11th Street near Milwaukie Way in Tacoma, and replaces the grade crossing with new 115 lb. rail and a concrete panel crossing system.
- The new concrete panel system will better accommodate heavy truck loads anticipated from the various planned Port of Tacoma terminal developments and will enable future spot maintenance to the crossing.
- Ranking: 2
- Final Score: 22



Tacoma Rail East 11th Street Grade Crossing Funding

Funding Source	Public or Private	Cash or In-Kind	Amount
Local - Port/Rail District			
Local - Other			
Railroad	Public	Cash	\$88,632.85
WSDOT Loan	Public	Cash	\$354,542.00
Federal Funds	Public		
Other			
Total			\$443,174.85

Tacoma Rail Yard Track Rail Relay

Project Description

- The project proposes to remove old and worn 85 lb. rail manufactured between 1906 and 1908 and resurface and replace it with new 115 lb. rail. The rail relay and tie replacement will upgrade the track capacities to safely accommodate 286,000 lb. rail cars and preserve Tacoma Rail's ability to serve Port of Tacoma area freight rail customers.
- Ranking: 3
- Score: 13



Tacoma Rail Yard Track Rail Relay Funding

Funding Source	Public or Private	Cash or In-Kind	Amount
Local - Port/Rail District			
Local - Other			
Railroad	Public	Cash	\$ 90,985.21
WSDOT Loan	Public	Cash	\$ 363,938.00
Federal Funds	Public		
Other			
Total			\$ 454,923.21

Grain Train Program

Program Description

- A financially self-sustaining freight transportation program that supports Washington's farmers, short-line railroads, and rural economic development.
- The program began operations in 1994 and currently has 118 grain cars in the fleet (100 are owned by the State, and 18 are owned by the Port of Walla Walla).
- Washington used federal funds to purchase 29 grain hopper cars to address the shortage of rail cars which made it difficult for Washington State farmers to get grain to market. These cars now carry wheat and barley to and from eastern Washington and Oregon.

Public Benefits

- Moves Washington products reliably and efficiently to domestic and international markets; supports rural economies.
- Began with federal "seed" money and operates without any taxpayer subsidy.
- Helps preserve short-line railroads by generating revenue that supports short and long term rail infrastructure needs.

Produce Rail Car Program

Program Description

- The Washington Produce Rail Car Pool project is a program created in 2006 to assist the agricultural community by providing refrigerated rail cars that carry Washington grown produce to east coast states. The program initially had twenty-five cars active in the pool however the recent economic downturn has only ten cars active in the pool.
- Current Produce Rail Car Program contractor is Rail Logistics, LC
- Currently, 72% of the shipments made today are frozen fruits and vegetables, 18% potatoes and frozen potatoes, and 10% frozen meat and fish.
- Program funded with \$2 million in federal grants and \$40,000 in state transportation funds.

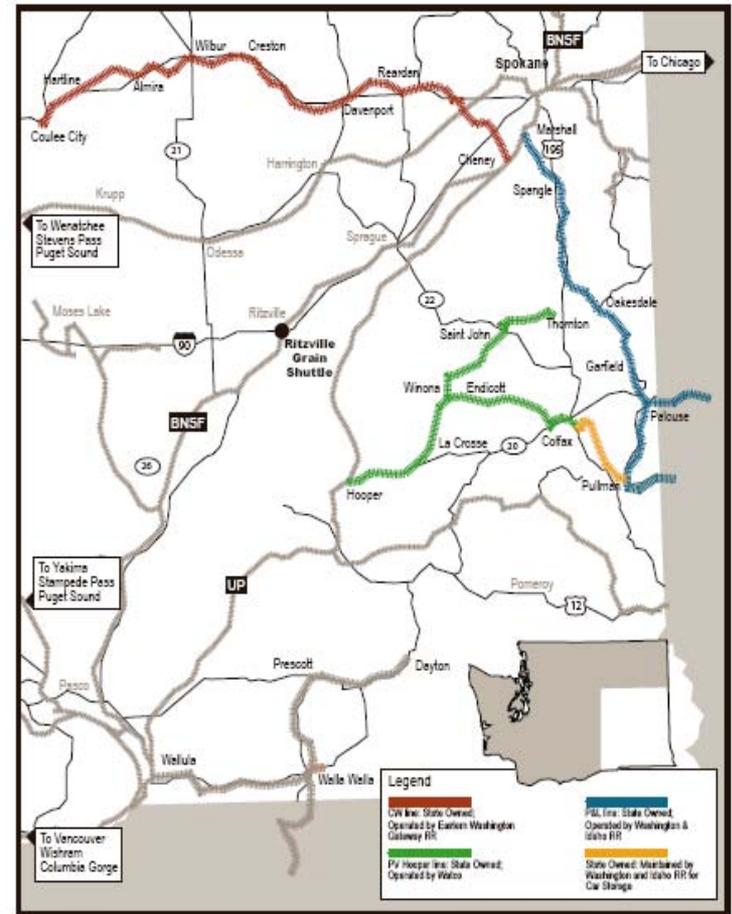
Public Benefits

- At full capacity, the Program eliminates hundreds of heavy truckloads per year from Washington State highways.
- Reduced highway maintenance costs and congestion and improves safety.

Palouse River and Coulee City (PCC)

State-Owned Short Line Rail System

- Enables international wheat shipments from one of Washington's premier agricultural areas supporting economic vitality in eastern Washington.
- A 300-mile system comprised of three separate branches (CW, P&L and PV Hooper) spanning four eastern Washington counties.
- P&L and PV Hooper were purchased in 2004, CW line was purchased in 2007.
- The system ensures competitive shipping rates, keeps heavy trucks off highways and roads, and provides alternative transport if barge shipping is not available.



PCC Administration

- WSDOT oversees the facilities and regulatory portions of the operating leases.
- The Rail Authority oversees the business and economic development portions of the operating leases.
- The PCC Rail Authority is an intergovernmental entity formed by Grant, Lincoln, Spokane County and the Port of Whitman through an interlocal agreement.
- The four Rail Authority Board members are appointed by each county:
 - John Love - Port of Whitman County, District 1 Commissioner - Chair
 - Richard Stevens - Grant County, District 1 Commissioner
 - Rob Coffman - Lincoln County, District 3 Commissioner
 - Todd Mielke - Spokane County, District 1 Commissioner
 - Joe Poire, Executive Director of the Port of Whitman, loaned executive to the board

Status of the PCC System

What has been done:

- Purchased three branches for \$15.5 million
- \$12.2 million spent on rehabilitation
- Total investment is \$27.7 million
- This rehabilitation addressed the most serious issues stemming from decades of deferred maintenance
- Sections of the line must be operated at 10 mph or less (Class 1) with smaller capacity rail cars than industry standard (263k versus standard 286k)

Status of the PCC System

What needs to be done

- Working with the PCC Rail Authority, WSDOT has developed a plan to bring 231 miles of the 277 miles of the PCC system to Class 2 standards (25 mph) and 286k standards (heavier railcars).
- Solidify the remaining 46 miles at 263k and 10 to 25 mph operations through capital maintenance.
- Sections of the system were prioritized based on a report from an expert rail consultant, present shipping patterns, currently planned development and the potential for future development.

Long Term Needs

- Funding is needed to begin the system rehabilitation plan. The plan cost is \$58.2 million (2011 dollars) over 8 biennia. This proposed plan:
 - Replaces 150,000 ties
 - Surface, line and dress 277 miles of track
 - Distributes 146,000 tons of ballast
 - Performs maintenance on 37,000 track joints
 - Rehabilitates 136 crossings and 40 signals
 - Inspects 153 bridges and performs repairs based on inspections

Planned Development On PCC

These activities represent the public-private partnership envisioned when the PCC railway system was purchased by WSDOT:

Current private investments:

1. McCoy Unit Loader - \$17 million
2. Palouse Grain Growers - \$1.2 million
3. Creston Fertilizer Facility - \$500,000

McCoy Unit Loader

- McCoy unit loader is a \$17 million investment being developed in partnership with Pacific Northwest Wheat Growers (PNW) and Co-Ag (1400 members combined).
- Of the 51 million bushels of wheat produced in Eastern Washington and North Idaho, it is estimated that 20 million will come to the McCoy facility.
- State of the art facility able to load a 110 car unit train in 8.5 hours.
- Start construction in Spring 2012, operating by April 2013.

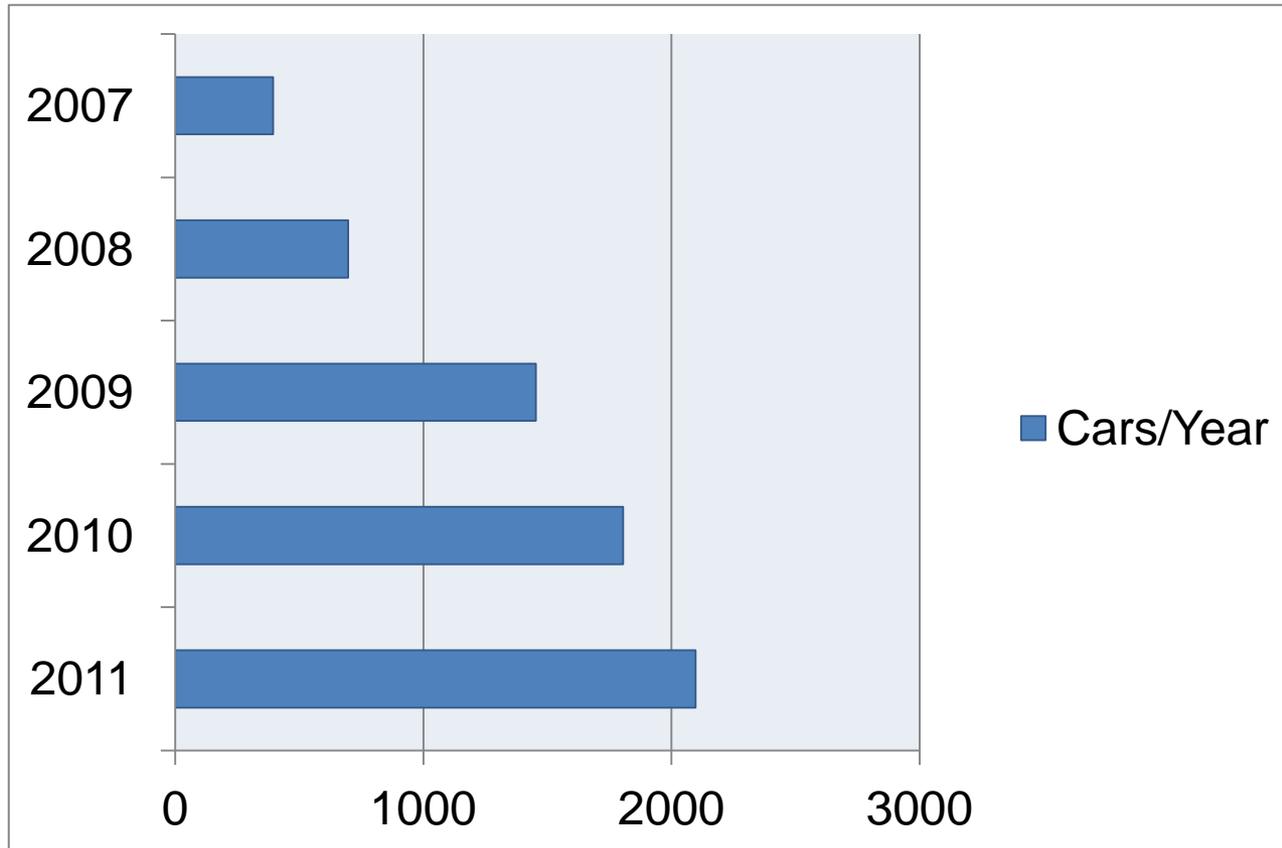
McCoy Unit Loader and the PCC

- Located along the P&L Branch of the PCC.
- McCoy is 30 miles south of exchange point with BNSF.
- 286k cars must be able to travel this 30 mile segment at 25 mph.
- There are 25 bridges on this segment, most constructed between 1940 and 1960 and most constructed of wood timbers.
- Bridges are currently being load rated, with an inspection to follow.
- Most probable scenario is that the majority will have to be replaced to carry 286k cars.
- TIGER Grant application for \$6 million was unsuccessful.

Palouse Grain Growers

- Located in Palouse along the P&L Branch of the PCC
- Three Phase plan
 - Rehabilitate existing facility to accommodate larger trucks
 - Rebuild rail load-out
 - Add additional storage
- Represents \$1.2 million private investment.
- Property ownership issues are delaying expansion. This facility will ship to the McCoy unit loader.

Shipments on P&L Line

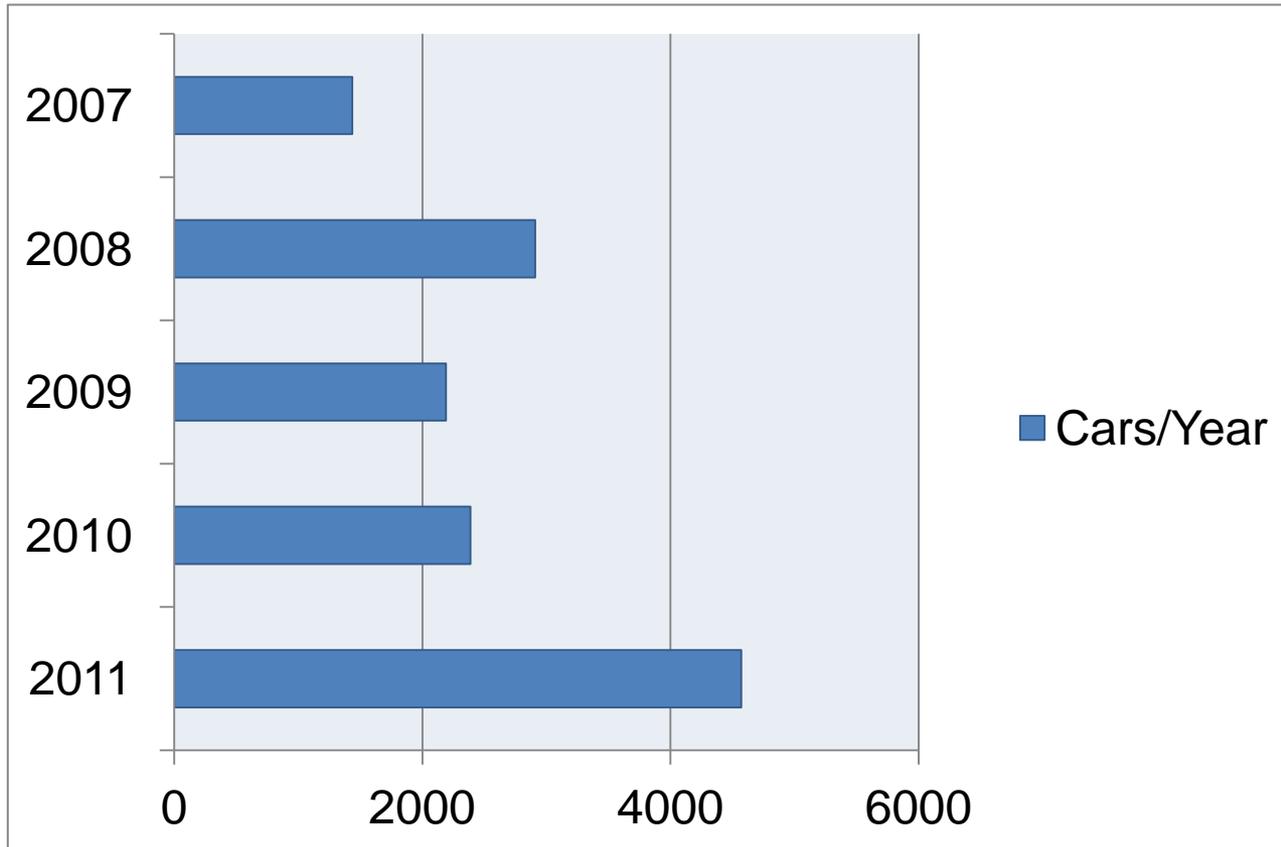


Upon completion, the McCoy unit loader will increase shipments on the P&L line to 4,400 cars/year, with the potential for over 6,000 cars/year.

Creston Fertilizer Facility

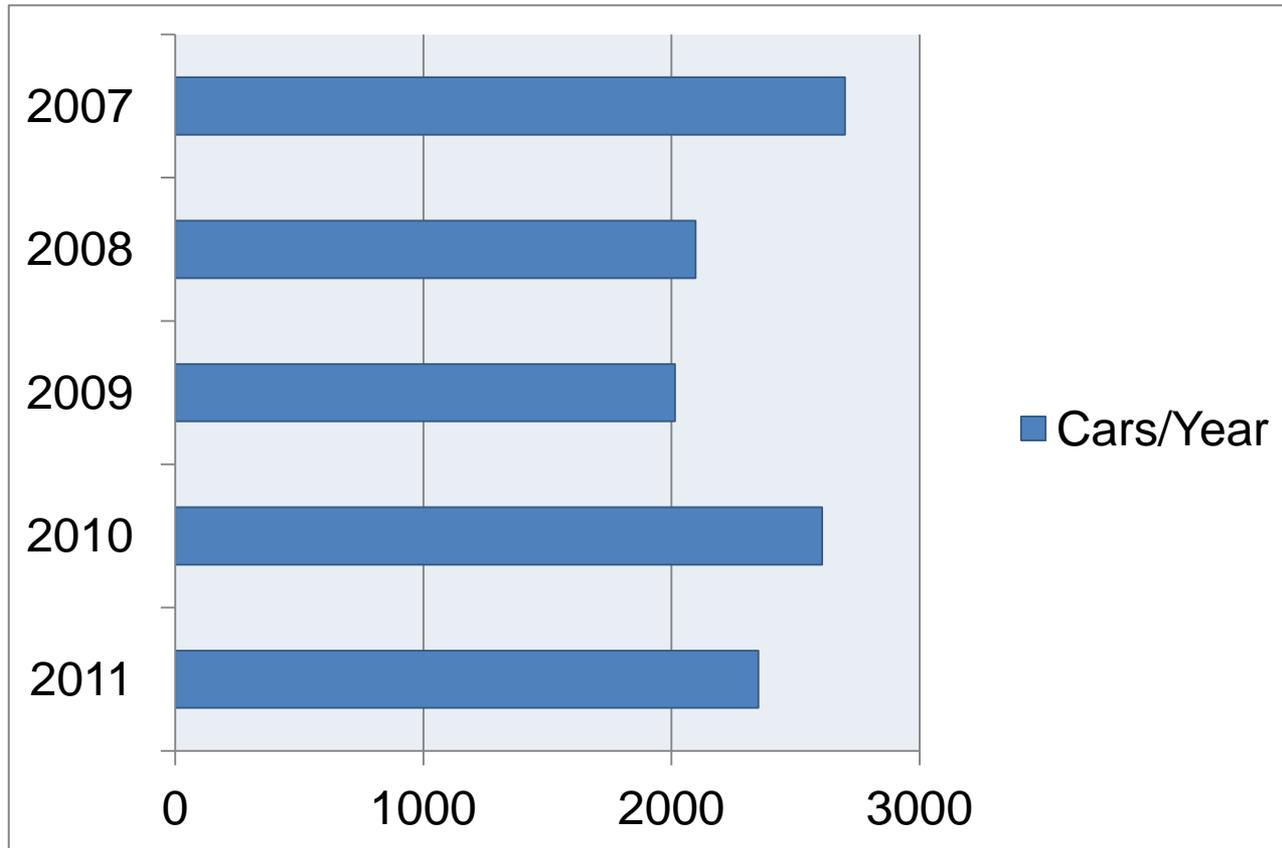
- Located along the CW Branch of the PCC
- Fertilizer receiving facility
- Public Funding - \$356,000 (State Multi-Modal Funds - \$346,000, Lincoln County Community Economic Revitalization Grant - \$10,000) for rail spur construction
- Private Funding - \$500,000 Rehabilitating biodiesel plant

Shipments on CW Line



Future traffic increases expected from Reardon Grain Growers, Creston Spur and Geiger Spur development.

Shipments on PV Hooper Line



Primary shippers are Whitgro and PNW (wheat) and McGregor (fertilizer).

Funding the PCC

- Currently, no capital projects are programmed for the PCC.
- Additional funding is needed to improve the condition of the facility.
- As condition improves, reliability increases and shipper interest rises.
- Increased traffic on the PCC System allows operators to spend more on normalized maintenance activities (tie replacement, crossing repair, weed control, etc.)
- Without timely rehabilitation, increased usage is causing quicker degradation of the lines.

Questions?

For more information please contact:

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