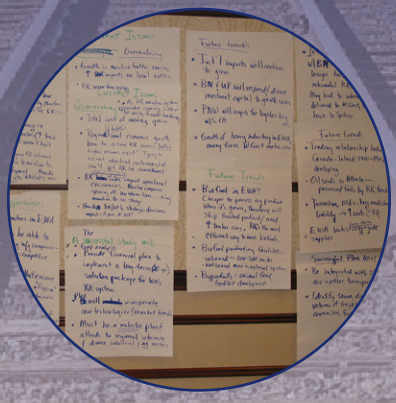
WASHINGTON STATE TRANSPORTATION COMMISSION

State Rail Capacity and System Needs Study

Regional Listening Sessions Summary



June 2006

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WASHINGTON STATE TRANSPORTATION COMMISSION
STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY

Regional Listening Sessions Summary

About This Report

The following is a summary of comments made at the Washington State Rail Capacity and System Needs Study Regional Listening Sessions in April and May 2006. It represents a mix of perspectives from the nearly 300 stakeholders in attendance.

WASHINGTON STATE TRANSPORTATION COMMISSION
STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY

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WASHINGTON STATE TRANSPORTATION COMMISSION
STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY

Regional Listening Sessions Summary

1.0 REPORT ORGANIZATION

This report summarizes the Washington State Transportation Commission Rail Capacity and System Needs Study Regional Listening Sessions held across the State in April and early May 2006. It is organized into two major parts:

1. A general summary of the Listening Sessions; and
2. Specific meeting summaries.

Each individual meeting summary includes overarching themes and a complete reporting of comments recorded at the meeting.

A list of organizations represented at each session is contained in Section 2.3; a full listing of individuals attending the sessions is organized by Listening Session and shown in Attachment C.

2.0 LISTENING SESSION SUMMARY

2.1 Introduction

In April and May of 2006, the Washington State Transportation Commission (WSTC) convened five Regional Listening Sessions to provide input to the legislatively mandated Washington State Rail Capacity and System Needs Study. The sessions were held in Vancouver, Seattle (Puget Sound), Spokane, Pasco (Tri-Cities), and Quincy (Central Washington).

Purpose and Objectives. The Regional Listening Sessions were designed both to share information with stakeholders about the Rail Study's scope, issues and schedule, and to obtain broad, inclusive input. The Sessions provided an opportunity to hear perspectives on statewide rail system needs, challenges and opportunities now and in the future, from the full range of project stakeholders. The Listening Sessions also facilitated dialogue among diverse stakeholders about strategic, institutional, and operational considerations for developing statewide freight and passenger rail policies and investment plans.

Meeting Design. The Sessions were an opportunity for a large number of stakeholders to communicate directly with the WSTC and the consultant project team on four key questions. After a brief welcome and presentation, meeting participants divided into four to six small groups to address the following questions:

1. What are the most important rail issues and challenges in the State right now?
   A. For the Class 1 freight rail system

B. For the short-line rail system
C. For the state's passenger rail system

2. What are the State's major strategic opportunities for the rail system today?
3. Given trends in market demand, trade and logistics technologies – what issues should be considered in planning for the future of the State's rail system?*
4. What would constitute a successful outcome for the Rail Study?

The groups were facilitated by members of the consultant team or State staff, and key points were recorded on flip charts for future reference. After a short break, each group summarized the most important elements of their conversations and reported out their summaries to the other meeting participants. Those comments were transcribed and displayed live to the group via projector to ensure that the most important points were accurately recorded by the project team. These "report outs" in turn generated additional discussion by the full group.

Meeting Attendance. 285 stakeholders from over 180 different organizations attended the five Listening Sessions. As Exhibit 1 shows, a wide variety of interests were represented, including both private and public interests. Shippers and other rail users represented 20% of total attendance. Together, Class 1 and short-line rail representatives constituted nearly 10% of total attendance. Public participation came from ports, cities, counties and planning organizations, all of which were well represented.

Exhibit 1
Attendance by Stakeholder Type

Stakeholder Type	Total
Company	58
Port	41
Association	30
City	23
State	21
County	19
State Legislature	16
Labor	13
Class 1 Railroad	12
Short-line	11
MPO/RTPO	10
Unknown	10
U.S. Congress	8
Education	5
Media	2
Transit Agency	2
U.S. Agency	2
Tribal	1
Military	1

* After the first Listening Session, question three was changed to better understand the system from key stakeholders. The original question, "The most important thing the State could do for the rail system is…?" was considered repetitive with question two.

2.2 Statewide Responses

The following were the major themes expressed in the five Listening Sessions statewide:

Capacity, Business Models and Operations

Capacity challenges and bottlenecks. The number one issue identified was a lack of capacity. Across the State, capacity, velocity, shortages of rail cars and equipment, track and power are a challenge. Shippers and producers are affected by bottlenecks and chokepoints Statewide. With freight demand growing, planning needs to incorporate both today's immediate needs and, most importantly, the system must be able to meet projected demand.

Class 1 railroad reliability and customer service. Mainline service is unpredictable. This causes serious disruption in supply chains and is problematic for logistical planning. Similarly, many stakeholders find Class 1 railroad companies are difficult to work with and unresponsive to the concerns and problems of many of their customers, other railroad companies, and local governments.

The changing railroad business model has consequences. In response to increasing demand and limited resources, the mainlines are moving toward longer-haul business–"hook and haul"—of containers especially. This trend is leaving some shippers and local communities concerned that they will be bypassed, or left without service.

Operational improvements suggested to increase capacity and throughput. Every Listening Session resulted in a list of general system improvements—sidings, corridor expansions, switching and grade crossing projects—as well as region-specific projects, which are summarized by session in the chapters that follow.

Business Climate Issues

Working effectively with the railroads. Stakeholders said that Washington needs to create a healthy business environment for railroads, including looking at regulatory streamlining. Many participants called for streamlined permitting processes; some suggested that the State should play a role in such streamlining. Meanwhile, railroads need to streamline their system of review and approval of projects that impact rail property, such as new inter-ties.

Preserve industrial land, existing infrastructure, and right-of-ways. Retaining existing infrastructure, industrial land and rail right-of-way was called critical to maintaining current levels of service and building for the future. Increasing demands on industrial land for commercial and residential use is challenging for rail operators. The State should work with local jurisdictions on land use issues to facilitate rail system functionality.

Need to Define the State's Role and Develop Clear Policies

The State's role could assume multiple forms. Several potential roles were identified for the State, including coordinator and facilitator of dialogue among participants; intergovernmental relations;

partnership developer (both public-private and public-public); and investor in both mainline and short-line system improvements.

The State should take a leadership role. The State needs to take a leadership role in the rail industry, and actively work with the railroads, rail users, and other stakeholders to find solutions and solve problems. The Department of Transportation should have clear rail leadership, including staff empowered to implement specific policies.

Need to defining State policies. The State needs a vision for the rail system, and a strategy and policies to achieve the vision. The State then needs to communicate its plan, and focus on implementation and accountability. Rail stakeholders, including the railroads, need to understand the resulting policies and priorities. The State needs to decide if, how, and why it should invest in the rail system and then develop criteria for making decisions about programs, projects, and specific investments. Once those are in place, the State needs to act on those policies and plans, and follow through with planned investments.

The State needs standards and criteria for investment and project prioritization. When investing public dollars, the State must show a public benefit. There needs to be a proven return on investment for tax payers. Further, the State needs to define its rationale for making investments in privately-owned assets--this applies to both mainline and short-line rail systems.

Public-private partnerships. Partnerships are much discussed, and mean different things to different people. Some policy makers see partnership development as a framework for making reasoned investments in the rail system.

Rail in the Context of the Whole Transportation System

Balance passenger and freight rail needs. The State needs a viable passenger rail system but it should not interfere with goods movement. Passenger trains are seen as necessary by many stakeholders statewide, but there is an impression that existing passenger capacity is underutilized due to unreliable service.

Passenger rail is experiencing some of the same challenges as freight. Passenger rail interests were well represented at all the sessions. Issues discussed were improved on-time performance, the potential for expanded service, and questions about the cost-effectiveness of passenger rail service.

A national system that requires intergovernmental coordination. The issues and challenges facing the State are not unique to Washington—the mainlines do not stop at State borders, bottlenecks across the country affect Washington freight, and federal policies have priority when dealing with interstate commerce. Washington should collaborate with bordering states, British Columbia, and other states in the region, forming alliances to work with the railroads and with the federal government. This sort of unity could build a more solid foundation from which to negotiate agreements that solve regional and local problems.

An intermodal transportation system. The State must consider the interacting effects of investments in all of the components of our transportation system, particularly that of rail on trucks and highway traffic, as well as on barge traffic. Demand will grow and our current system must grow

to meet it; if rail capacity does not increase there will be more truck traffic. Some stakeholders believe that investing in the highway system gives an unfair advantage to the trucking industry, while others feel that investing in private rail corridors is inappropriate for the State. The State also needs to invest and encourage intermodal freight development, including development of intermodal transloading centers.

Consider environmental benefits of rail when making tradeoff decisions. Rail helps reduce the number of trucks on the road, which results in fewer air quality and other impacts.

Communication and Outreach is Needed

Education is needed about the rail system. Rail is not well understood in the State—by decision makers as well as the public. Approaches to enhance awareness and understanding would benefit the rail system, in terms of both funding and public support.

Forums for communication would be helpful. Many shippers and short-line operators expressed a need to understand more about the railroads' plans—capital and operational. Opportunities to meet and discuss issues and problems would be an improvement over the status quo, and some communities would like the State's help in facilitating such dialogue.

The following are areas where Listening Session participants differed across the State:

Role of railroads in local economic development. Economic Development is a key issue statewide; however, the Puget Sound and Vancouver Listening Sessions focused on the flow of freight from (and to) ocean ports, while the remaining three Listening Sessions were focused on efficient movement of local goods on the mainlines and ensuring that Washington benefits from rail movement in the State, specifically that Washington is not just a "pass through" State.

Local access to the mainlines and short-line investment are issues in Eastern Washington. Smaller shippers are challenged by the Class 1 "hook and haul" business model. Since Class 1 railroads are no longer picking up small loads of containers off the mainline, they need a means to get their smaller shipments to the mainlines. Additionally, capital investment and general maintenance and upkeep are challenges for small short-lines. Strategic investment in short-lines is seen as an appropriate role for the State by many stakeholders, but others question its value (particularly for specific past investments).

2.3 Summary of Participating Organizations

City of Airway Heights
City of Auburn
B Reactor Museum
Basin Gold
Benton County
Benton-Franklin Council of Governments
Big Bend Resource Conservation and Development Council
Brotherhood of Locomotive Engineers & Trainmen L/C, Div. 104
BST Associates
Burlington Northern Santa Fe Railroad
Cascade & Columbia River Railroad
Cement Distributors, Inc.
Central Bean Co.
City of Chehalis
Clark College
Clark County
Columbia Basin Railroad
Columbia Colstor Inc.
Cowlitz-Wahkiakum Council of Governments
Crites-Mosco Growers
David Evans & Associates
Discovery Institute
Douglas County
Eagle Group
City of Eatonville
Economic Development Northwest
Far West Agribusiness Association
Federal Highway Administration, Washington State Division
Federal Railroad Administration
Franklin County
Frontier Rail Corp.
Grant County
Grant County Economic Development Council
Great Salt Lake Minerals Corp.
Greater Vancouver Chamber of Commerce
Hailey Co.
Hal Woosley Properties
Harms Pacific Transport, Inc.
HDR, Inc.
HNTB Corp.
Identity Clark County
ILWU #19
Inland Empire Distribution Systems, Inc
Inland Power & Freight
Intermodal Conference of Washington Trucking Association
Interstate Wood Products
JR Simplot
City of Kennewick
Kettle Falls International Railway
LaFarge North America
City of Leavenworth
Lewis County
MacMillan-Piper, Inc.
Marine Exchange of Puget Sound
McGregor Co.
Moran Consulting
National Frozen Foods Corporation
Nisqually Tribe
NORPAC Foods, Inc.
North Central RTPO
Northeast Washington RTPO
Northwest Container Services, Inc
Northwest Grain Growers
Nucor Steel Seattle, Inc.
City of Oakesdale
Odessa Union Warehouse Cooperative
Okanogan County
City of Oreville
City of Othello
Outcomes by Levy
Parsons Brinckerhoff
Port of Benton
Port of Edwards
Port of Ephrata
Port of Grays Harbor
Port of Kennewick
Port of Longview
Port of Moses Lake
Port of Pasco
Port of Pend Oreille
Port of Portland
Port of Quincy
Port of Ridgefield
Port of Seattle

Port of Tacoma
Port of Vancouver
Port of Walla Walla
Port of Whitman County
Port of Woodland
Portland State University
Clark-Skamania West Klikitat Labor Council & Longshoreman at Port of Vancouver
Puget Sound Business Journal
Puget Sound Clean Air Agency
Puget Sound Regional Council
City of Pullman
Quincy Foods
Quincy Valley Post Register
Rail Logistics
RailAmerica, Inc
Railcar Management, Inc.
City of Richland
Ritzville Warehouse Co.
SCS Refrigerated Services LLC
SDS Lumber Company
City of Seattle
Sierra Pacific
Simpson Investment Company
Skagit Council of Governments
Sound Transit
Southwest Washington Regional Transportation Council
Spirit of Washington Dinner Train
Spokane Area EDC
Spokane Chamber of Commerce
Spokane County
Spokane Terminal
City of Spokane Valley
City of Tacoma
Thurston Regional Planning Council
Tidewater Holdings, Inc.
Trail Planning Team
Transcascades Consul
Tree Top, Inc.
Tri-City & Olympia Railroad Company
Trident Seafoods
U.S. Army
Union Pacific Railroad
United Transportation Union
U.S. Customs & Border Protection
City of Walla Walla
Washington Association of Rail Passengers
Washington Association of Wheat Growers
Washington Public Ports Association
Washington State Department of Agriculture
Washington State Department of Transportation
Washington State Good Roads & Transportation Association
Washington State House Transportation Committee
Washington State Transportation Commission
Washington State Potato Commission
Washington State Rail Labor Coalition
Washington State Senate Republican Caucus
Washington State Senate Transportation Committee
Washington Trucking Association
Washington Utilities & Transportation Commission
Washington Wheat Commission
WestFarm Foods
Wilbur Ellis Co.
Workforce Development & Continuing Education, Clark College
City of Yakima
Yakima County Public Services
Yakima Valley Conference of Governments

2.4 Federal and State Legislators and their Representatives

Senator Brad Benson
Senator Joyce Mulliken
Senator Mark Schoesler
Representative Jim Dunn
Representative Dennis Flannigan
Representative Larry Haler
Representative Shirley Hawkins
Representative Janea Holmquist
Representative Lynn Schindler

Sheila Babb, Office of U.S. Senator Patty Murray
Shawn Bills, Office of U.S. Senator Patty Murray
Judy Olson, Office of U.S. Senator Patty Murray
Ben Halvorson, Office of U.S. Senator Maria Cantwell
Shakti Hawkins, Office of U.S. Senator Maria Cantwell
Debra Casey, Office of U.S. Congresswoman Cathy McMorris
Shannon Kelly, Office of U.S. Congresswoman Cathy McMorris
Barb Lisk, Office of U.S. Congressman Doc Hastings

SPECIFIC MEETING SUMMARIES

3.0 VANCOUVER

3.1 Introduction

The WSTC hosted the first Regional Listening Session in Vancouver on April 13, 2006 at the Port of Vancouver. Hosted by the Ports of Vancouver and Ridgefield and the Southwest Washington Regional Transportation Council, 62 stakeholders were in attendance.

3.2 Overarching Themes from this Session

Major themes identified were:

Capacity challenges and bottlenecks. Statewide bottlenecks and chokepoints are affecting freight mobility in southwest Washington; specific areas were identified. There is a need to get out ahead of freight demand – rather than thinking about and building for current demand, we should be built for projected system demand. Consider the state's situation and needs from two angles, fixing today's problems and planning for the increase in demand we know is coming.

Nexus between the Rail System and Economic Development. Investing in rail capacity is an investment in economic growth and development; this needs to be better articulated and better understood.

Intergovernmental Coordination is Needed. Washington is just part of the national transportation system, and solutions need coordination and contributions from all levels of government. There was desire expressed for development of state-to-state alliances and for a plan and approach to work effectively with the federal government.

Land Use Planning and Regulation is an Issue. Streamlined permitting processes for rail projects are a real need.

Funding Needs and Sources. New, dedicated funding sources should be identified for public investments in rail. Public-private partnerships with the railroads are a key component of funding projects, but be careful to ensure that public funds are spent wisely.

The Rail Study is an Opportunity. This project can help the State develop a coherent policy and decision-making framework for rail planning and investments.

Additional summary-level comments from the session were:

Rail System Capacity

- Freight capacity is a nationwide problem, not just a problem for this state. Engage in state-to-state and state-to-federal discussions.
- Need to identify bottlenecks and chokepoints.
- Be ready for future rail growth; look out to 2026. Need to accommodate overall growth in freight traffic, as well as displacement traffic from other ports on the west coast.
- Need to improve railroad operations in order to gain capacity.

Railroad Operations

- Most sidings are built for shorter trains than currently operate.
- Short-line track is often too 'light' to take modern trains.
- Match imports and exports – create a smarter system that reduces costs.

Specific Problem Spots Identified (through the map exercise)

- Lyle siding extension. Very important, and should be expedited through permitting.
- Access to the Port of Vancouver from the north causes a major choke point for all trains crossing Columbia River.
- Stampede Pass crown cut for double stack trains east/west bound to Tacoma.
- The closure of three at-grade crossing in Ridgefield is a top priority for the Port of Ridgefield. It is a safety issue. A rail overpass will allow closure of these at-grade crossings, and increase safety and freight mobility.
- Near Tenino, just south of the "Y" intersection where the short-line to Olympia splits from the mainline, is a problem area.

Passenger Rail Specifically

- As fuel prices increase, passenger rail may see increased demand – but service needs to be convenient.
- Passenger rail has to run on time. But it runs faster than freight, so freight has to clear out of its way. Is the solution dedicated passenger rail lines?

Defining the State's Role

- The State needs to have a rail investment vision, both to avoid wasting investment dollars, and to help fix individual problem spots.
- Plan regionally – federal, State, and local entities need to work together.
- Public -private partnerships are limited by the Washington Constitution.
- Establish a consistent rail policy for the state, with a plan. Decide with the railroads where projects will be. Don't compete with ourselves.
- Railroads work ahead 12-20 months, not 20 years. Plan accordingly.

Relationship Between Rail and Economic Development

- Need to align state transportation and economic development goals.
- Take a combined legislative approach – rail investment issues should not just go before the Transportation Committee, but also before the Trade & Economic Development Committee.

- Support the state's reliance on trade by identifying, funding and implementation issues for rail; make this compatible with the Governor's global trade goals.

Role of the Private Sector

- The State and the private sector need to work together in planning, to ensure positive return on investment.
  - Private sector involvement in planning is necessary – the Freight Mobility Strategic Investment Board (FMSIB) is a good example.
  - Increase funding from the private sector, but with voluntary participation.

Land Use and Permitting

- State should invest in rail capacity, and also need to clarify the permitting process for the projects.
- Plan for streamlining permitting – have an ombudsman to help identify and resolve problems.

Revenue Sources and Funding

- Look for new revenue sources to supplement what exists today. For example, a user fee on containers.

Education is Needed

- Both Legislators and general public need to be made more aware of the problems of the rail system, and the need to increase capacity.
- Increase public and legislative awareness of rail issues.

Successful Project Outcome

- Continued private and public investment statewide, to benefit both freight and intercity passenger service (both short-line and mainline for freight.)
- Have an implementation plan in the study.
- Include a workable funding plan within the strategic rail plan. Public/private partnerships are necessary for this, but be sure to require matching funds from the public sector.
- A state policy that recognizes the importance of freight rail and guides permitting and funding for the system.
- Having legislators read the report.
- Having the Governor and legislative leadership set 10 to 20 years of tasks and goals, and go out and accomplish them.
- Improved railroad service for shippers.
- Having decision makers establish policies to recognize the need to make railroad improvements a top priority, and recognize the impacts of such investments on jobs and the State's economy.
- Having the State partner financially with railroads to help projects that narrowly miss Class 1's cutoff for investment – help move Washington projects up the railroads' lists.
- A high-level strategic partnership between the State and Class 1s.
- A better recognition of the importance of safety.

3.3 All Small Group Comments

1. What are the most important rail issues and challenges in the State right now?

A. Class 1 Freight/Mainline Issues

Service and Capacity

- Lack of capacity—this is a national problem
  - 'Track window,' 2 weeks ahead
  - Losing time from other delays
  - Inability to plan ahead
- Railroad capacity: scarcity of refrigerator rail cars due to changes in railroad capital investment plans
- New trains are longer and there aren't enough sidings—8,000 foot trains now
- Capacity and velocity are both issues—limit areas that cause trains to slow down
- Delays in railroad car arrival cause increased costs, labor scheduling unpredictability, and are a waste of system resources
- Chokepoints/bottlenecks in the state and those areas outside the state (need a system-wide/national look)
- Infrastructure bottlenecks at Port of Vancouver, Columbia River Gorge, Stampede Pass are a problem
- Storage capacity on mainline is problematic
- Capacity needs—highways can only expand so much
- Capacity means movement of volume of goods – operations and chokepoints challenges
- Class 1s need to respond to railroad overpass projects more quickly—the money is there, but need to get the railroads on board
- Optimize multi-modal opportunities
- Each East/West line has issues
- Struggle for maintenance time
- BNSF trying to shift freight to Long Beach, California

Improved Access Needed

- Need strong port access to mainlines
- Eliminate grade crossings along mainline
- Make optimal use of the existing system
- There are alignment problems in Vancouver along mainline and at the hill track—solve that and you address system issues

Intermodal System: Relationship between Rail and Trucks

- Interstate linkages
- Truckers are BNSF's largest customer
- Need more transportation infrastructure: multimodal freight corridors
- Roads fill faster than planned

Permit Challenges

- Permitting for railroad construction—poor process

- State and the federal government could expedite the environmental permit process
- Example: In Montana the Governor spoke directly with BNSF and solved a problem

Support Mainline Freight

- Our state is part of a region that is reliant on a strong mainline system
- With a tripling of freight demand—how are we to handle it?
- The federal government should provide monetary support for rail improvements, just as they do for highways

B. Short-line Rail Issues

Benefits to the System

- Takes cargo off highway system—saves money on road maintenance
- Short-lines have increased use—can cause community issues because they are now being used
- Strategic placement of yards is important
- Issue of short-lines taking over track from Class 1s

Rail Infrastructure Needs Maintenance and Upgrades

- Short-line funding is from the general fund—should move to another fund
- Short-line companies are not investing to maintain their lines
- Short-lines are aging
- Need to re-build track to accommodate heavier rail cars
- Limited opportunities to site industry on mainline—short-lines are a solution to that and need to be improved
- Interchanges with Class 1s need to be improved

Support and Funding is Lacking: Consider Innovations

- There is a lack of political interest in creating/perceiving that short-lines are part of a complete transportation system.
- There is no existing approach in the state to integrate railroad system needs, therefore there are missed opportunities
- Funding for short-lines is scarce
- Funding is a challenge
- Need an infrastructure bank in Washington to help fund short-lines
- Real Estate Excise Tax could be used to fund short-lines. Change State statutes to include short-lines.

C. Passenger Rail Issues

Some Success in Washington

- Passenger growth will be less than freight growth
- Washington passenger rail is a success—Seattle/Portland run is cost effective
- Legislature's investment in rail is working
- Sound Transit is at capacity (operationally)
- Washington Association of Rail Passengers is morphing into a rail advocacy group, moving away from just advocating for passenger rail

Reliability of Service

- What authority does local heavy commuter rail have?
- Amtrak pays a premium for performance, but still isn't on time
- Passenger trains must be more reliable—improved on-time performance--to be used

Conflicts with the Mainline Rail

- Passenger trains cause significant conflicts on the mainline—lose freight capacity and velocity
- Increase in passenger trains will continue to affect capacity and velocity
- Support cross-overs now being studied to relieve passenger/freight conflicts
- Look at adding a new track just for passenger train traffic
- Perhaps have passenger rail move on its own corridor

D. Overarching Issues Identified

Lack of Funding

- A lack of sufficient public funding for the railroad system within the state
- Funding, partnerships are key
- Current funding sources are constrained: new funding sources are needed
- There is a shortage of money and infrastructure
- Private funding from railroads
  - Labor costs
  - Lack of personnel
- Federal funding is needed too
- A lack of public understanding of railroad system benefits

Communication with Legislature and Public

- Public awareness and involvement needs to be increased
- Convincing the Legislature there is a problem is important
- Legislative education is needed – about the effective use of infrastructure
- Need answers to the Legislature—to determine where funds are best spent
- Legislature's tools—includes the Washington Economic Development Council
  - Is there a mention of rail Finance Authority in the charter?
  - There are 74 different economic development engines—how can they apply?
- Political issue: investment decisions are taking too long due to lack of agreement among stakeholders
- There is local community resistance to growth in the railroad system

Consider Impacts of Rail System: Economic Development and Quality of Life

- There are unintended consequences of operational decisions
- Understand what it means relative to long-term quality of life
- What impact does rail freight have on the local economy?
- Create jobs
- Workforce—generational transition: training; career ladder

Plan for the Future

- Plan for industrial land, saving that land
- Be proactive in response to freight growth and demand
  - Bring in private business models as partners
  - Recognize the need for a paradigm shift
- Change in purchasing patterns has increased rail demand
- Freight growth is projected to outgrow our ability to move
- Need to recognize the growing role and importance of rail
- Design for the future—build it, it will get used
- Plan smart
- Have business people do the planning
- This study should tackle immediate problems and system-wide problem for the long term
- Energy costs in future will drive people to rail—both freight and passenger

National Issues

- Where is the federal coordination—needs to be regional coordination too
- Our region feeds others; this is a national issue
- Work with other states, develop partnerships
- Who can we learn from? (operations, investments)
  - Other states—Montana
  - Europe

Specific Vancouver-area Needs

- Vancouver chokepoint, plus bridge (north/south and east/west)
- Vancouver needs a large capacity multimodal freight center
- Chokepoint area is a local problem: intensifies the above problem
- Maximization of port property is key—changes in the way land is used
- Safety; interactions between railroad and vehicles and pedestrians

2. What are the State's Major Strategic Opportunities for the Rail System Today?

Define the State's Role, then Plan and Prioritize

- Senate Transportation Committee wants to know what state role should be
- Generally, get more legislators involved—Trade Committee, Policy Committee, Appropriations Committee
- Help prioritize the needs
- Examine possibilities
- Overall planning is needed
- Take advantage of the bully pulpit: the State should drive discussions and solutions in the rail community
- One role: the State as a broker
- The Study should balance issues and solutions
  - What is the State role?
    - The WSDOT Rail Department is small
    - The State needs to broker, plan

Partnerships: Public and Private and State to State

- Need multistate and federal alignment to succeed systemwide
- Interstate coordination, Class 1 cooperation is needed
- Funding partnerships (State and local governments, UTC)
- BNSF needs a strategic plan that considers Washington's needs
- Get privates involved in strategic planning with governments
  - Constitutional issue with providing State funds for private gain

Create a Healthy Business Climate for the Rail Industry

- Tax Increment Financing like that used by the Portland Development Commission, for example
- State needs a permit ombudsman for rail, particularly for the permitting process
- State investments are driving out family wage jobs—Class 1s are taking state funds

Consider the Balance Between Freight and Passenger Rail

- There is disagreement on the appropriate balance of track use between freight and passenger rail:
  - Freight—more private
  - Passenger—more public
  - The two should be considered at the same level of priority
  - Freight should be the first priority

Consider Economic Development

- Lure private investment for economic development
- Economic development—investments with the best bang for the buck
- Rail is a good investment—much focus on use of rail in the future
- Return on investment?—State's investment focus should be about jobs for locals: otherwise, why invest?

Identification of Specific Investments

- Identify and prioritize chokepoints
- Identify, label, and prioritize key improvement areas
- Two-way couplets are needed
- Single directional track running westbound on north side of Columbia River, east bound on south side of Columbia River:
  - Need modeling
  - Cooperation between UP/BNSF needed especially
- Grade crossing and overpasses are within state's control: safety and capacity benefits are there
- Can additional mainline capacity be found if more existing tracks are used at full capacity? For example, mainline track used for storage
- Gain operational efficiencies from increased crew flexibility
- The study should include plans of how to manage more and longer trains
- Need strategic, integrated analysis of short-lines' costs and benefits (freight, economic output, passenger/tourism)
- Royal Slope short-line is an unused resource; (salvageable) materials could be used elsewhere
- Interconnections between lines and modes should be considered
- Light and heavy rail can share track
- Retain regional rail capacity
- Address the fact that different groups have different formulas

- Coordinate supply chain partners' actions, for example shipping lines and the railroads
- Implement Port of Vancouver bypass to reduce freight train delays
- State's Produce Railroad Car Program
- "Investment" in Washington state, example: Connect Oregon

Land-Use Planning

- State funding for rail only has so much effect on the local economies. The State should be helping with zoning, local jobs
- Zoning can help direct business to locate in places easily served by rail

3. The Most Important Thing the State Could do for the Rail System is…?

Set Rail Goals and Policies

- Articulate goal(s)
- Goals and policies at the State level that remains in place
- Public education, leading to broadened understanding of the benefits of the railroad system
- Bring up rail in multiple, large legislative committees to get more legislators talking about it
- Help the Legislature define priorities
  - Transportation
  - Economy
  - CTED
- Legislative changes to current laws may be needed

Invest in Rail System Strategically, from One Source

- Understand rail needs
- Contextualize the transportation issues
- Make rail investment and the rail system a CTED program and issue
- All railroad-related resources should be put into one budget under one administrator, with a dedicated revenue stream
- Money (strategic dollars)--establish a consistent funding source
- State needs to invest in the freight rail system
- Explore public funding options to assist with rail—within the State's Constitution, what can we help finance? (Can't subsidize the private sector)
- Partnerships between state, privates are needed
- Funding and state/federal cooperation to build a separate Amtrak line in I-5 corridor as a public transit investment

Streamline Permitting Process

- Must improve permitting process for rail projects
- Streamline permitting process
- Clarify when and where permits will be needed
- Move projects to construction faster

Create and Maintain a Prioritized Project List

- Establish a list of priority projects and a strategic plan for improvements
- Resolve capacity issues on mainlines: increase East to West corridor capacity

Consider Safety Issues

- Grade crossing elimination
- Trespass fatalities and other safety issues

Right of Way

- Preserve and maintain rights-of-way

4. What Would Constitute a Successful Outcome for the Rail Study?

Establish and Implement Goals, Policies and Strategies for Projects and Investments

- Establish policies that recognize the need to increase railroad capacity and, therefore, streamline the environment permitting process
- Define goals and roles
- Develop project lists with costs/benefits
- Study should identify system bottlenecks at the Vancouver Y, Martins Bluff
- Implement the study successfully
- Create a strong implementation plan
- A doable, fundable strategic plan
- Establish a consistent policy --- identify the values of who is served by rail
- Know the Governor's strategy
- Stay in keeping with the Governor's Global Trade goals
- Report out earlier—September is better

Partner with Railroads

- State study should dovetail with railroad studies and plans
- The State should partner financially with railroads to build projects that narrowly miss the railroads' capital projects list cutoff
- Establish a high-level strategic partnership between the railroads and the State so that Washington builds needed capacity
- Work with railroads to address overflow of rail from California ports
- Take a tougher approach with Class 1s
  - No State funds invested in freight rail projects until partnerships with the railroads are ensured
  - Job training—try to get the railroads to hire more people locally?

Meet Regional System and Economic Development Needs

- By 2026, the rail system should meet the needs of future capacity/velocity needs for State/regional/international trade
- A recognition that investment in rail is not just transportation—it is about economic development, promoting agriculture, etc.
- Economic expansion is a related topic

Educate the Public

- Raise public awareness of the importance of public investment

4.0 PUGET SOUND

4.1 Introduction

The WSTC hosted the second Regional Listening Session for the Puget Sound Region on April 20, 2006 at the Puget Sound Regional Council's offices in Seattle. A total of 75 stakeholders were in attendance.

4.2 Overarching Themes from this Session

Major themes conveyed by attendees included:

Capacity challenges and needs. There is insufficient rail system capacity now; this needs to be addressed through both operational improvements and investments. There is also a need to look ahead and plan for capacity needs in the future, given increases in expected demand.

Consider Environmental Benefits. Benefits provided by rail include reduced congestion and pollution; these benefits should be assessed in the tradeoff analysis.

Land Use Planning and Regulation are Important. Ensuring that rail has continued access to industrial facilities given new residential uses of formerly industrial and commercial space is critical. There is also a need to streamline permitting processes.

Education and Outreach is Needed. Public awareness needs to be raised, and this study can help.

State Role as Coordinator and Facilitator. The state could: coordinate among intrastate, interstate, interregional, and international rail projects and investments; facilitate cooperation between railroads to streamline operations and better utilize existing capacity; facilitate competition within the transportation system to encourage improved service to shippers; and act as an ombudsman or a clearinghouse for regulatory requirements by local jurisdictions.

Additional summary-level comments from the session were:

Rail System Capacity

- There is insufficient rail system capacity today — need to improve it with operational changes and investments. Better coordination and cooperation between the railroads will help.
- Growth is coming, particularly with international container traffic, and we need to plan now to accommodate (at least some of) it. By not acting we could lose potential growth to other locations (e.g. Canada, California, Mexico).
- The State needs more capacity for both passenger and freight service, which currently compete for use of the same infrastructure.
- Capacity can be increased through improved switching, in particular using short-line track for this.
- Future economic growth will depend on having additional transportation capacity. How that capacity is allocated is a critical question.
- Everyone in the room agrees that there are, or soon will, be capacity constraints in the state's rail system. Not everyone agrees on what should be done, and by whom.

- Do not just solve today's problems — plan for future growth, and assume that oil prices will continue to increase.

Consider the Whole Transportation System

- Transportation planning and investing should consider roads and rail together as a single system, so that investments are coordinated to improve the system, not just a single mode.
- Whenever the State does provide funds, be sure to mitigate impacts elsewhere in the system and elsewhere in the economy.
- Rail should be better integrated into transportation planning processes, and the interconnections between modes are a critical component of this.

Safety and Environmental Considerations

- Rail has environmental benefits, particularly for clean air, but also for energy efficiency and reducing congestion on the highway system.
- The environmental advantages of rail include less diesel pollution than trucks, resulting in cleaner air.
- Safety is also an issue, in particular with remote train control.
- Increased traffic creates safety issues that must be addressed.

Passenger Rail Specifically

- Passenger rail should be separated from freight rail to improve service. Funding could come from regional and state levels. Also, upgrade passenger depots.

Defining the State's Role

- A large part of the State's role should be big-picture management, seeing the system from a state- and region-wide perspective, to help prioritize investments.
- The State can help the system by creating and participating in regional alliances, both in-state and cross-border.
- Another role is to create incentives for competition in the industry, to counteract the current near-monopoly in many locations.
- The State can be a leader in coordinating and negotiating between railroads and other stakeholders, including local governments on questions of land use and permitting.
- One role for the state is to facilitate between local jurisdictions, shippers, other stakeholders, and the railroads. A user group of rail stakeholders could be created as a forum for communication.
- Another role for the state is in land use policy, and its relation to the questions of access to ports and other hubs, and the appropriate siting of new rail users in relation to terminals and mainline track.
- The State can help with infrastructure improvements by improving the business environment for Class 1s, in particular by streamlining the permitting process.
- The State can also help railroads improve operations by changing laws and regulations, and advocating for their change at other jurisdictional levels.
- There is a need to establish what entities have authority to make decisions about rail capacity. A problem this state has is "analysis paralysis;" decisions do not get made.
- The State should also contribute funds to specific projects, as an inducement to the railroads to make those upgrades.

Right-of-Way, Land Use and Permitting

- The permitting system for rail projects needs to be streamlined.
- Encroachment on transportation and industry is becoming a problem. It can be mitigated through land use regulations and zoning.
- Abandonment of track should be curtailed.
- There needs to be preservation of right-of-way because they will be needed for additional capacity in the future.

Funding Options

- Funds for investing in rail infrastructure could come from a variety of financing sources, including the private sector and via tax incentives.
- The state has opportunities for public-private partnerships to fund needed capacity improvements.

Education is Needed

- There is a need to educate people about the importance of rail to the economy and road congestion.
- Educate the public and policymakers about the advantages of having and investing in rail. An important point is the cost-benefit ratio relative to investing in highways.
- This study should present information in an easy-to-understand format, as a step toward educating the public about rail issues.
- Raise public awareness of the current problems.
- Public outreach is needed to educate people about rail issues.
- The public needs to understand rail issues and why it matters. The state could be involved in this effort.

Successful Project Outcome

- This study should include an investment strategy with a vision and a plan for how to achieve that vision.
- The plan should be tied into the State's transportation plan, and articulate an optimal balance between freight and passenger rail.
- One component should be an analysis of a baseline future that has no added investment. Specific projects can then be examined relative to the baseline to determine their impact and value.
- The State needs to establish criteria by which to prioritize its funding for rail projects. It also needs a plan with short, medium and long-term action plans. Changing the budget process for rail investments to a 10-year horizon would help.

4.3 All Small Group Comments

1. What are the most important rail issues and challenges in the State right now?

A. Class 1 Freight/Mainline Issues

Capacity and Operating Needs

- Attentive to operations and capital investments
- Power and crew deficient

- Double-digit growth
  - Growth in unit trains, esp. international containers and the grain from Midwest
  - Carload business
  - Canadian
  - Future potential: export coal
- Crew capacity
- Mainline railroad: throughput capacity is needed
  - Container port growth is constrained by lack of rail capacity
  - How to bring railroad capital investments to the Pacific Northwest?
  - Key projects to add capacity (will increase 40% capacity)
    - Crowning Stampede Pass
    - Everett bypass
    - Point Defiance bypass
    - Vancouver bypass
    - Kelso-Martin's Bluff project
    - Columbia Gorge siding
- Capacity—state investments; railroad sponsor investment
- Terminal capacity—yards storage
- Yard issues—link to capacity. If yards can't handle volume, trains sit and block the lines
- Congestion, velocity
- Make better use of current capacity (all, but Class 1 freight most impacted)
- 80% of growth will be rail, will exceed capacity in a few years
- Need for State investment in infrastructure and equipment, with mitigation

Class 1 Business Climate

- No place for Class 1s to negotiate and plan with State and WSDOT (Rail)
- Create a better Class 1 business environment
  - Permit streamlining, regional mitigation
  - State contributions to induce investment
- Timeframes for construction (permit expediting) and regulation
- Project bundling needed
- Customer service
- Class 1 rail monopoly
- How is mainline railroad capacity going to be allocated? Will some sectors have access and others be crowded out?
- State system just part of national system
- State, regional, national policy—all are interconnected
- Interchange to/from Canada
- Role of innovation; assess other business models
- Safety: in response to increasing conflicts; need for broad resolutions
- Responsible implementation of technology: employee and public safety issues
- Safety: remote train control (RTC) issues
  - Controversy over safety issues
  - Impact on labor and employment
- RTC—operations issue with capital concerns; need for greater research
- Efficiency: velocity increase → grade separation → State can influence

- Strategic investment in railroad infrastructure
- Corridor preservation (rail yard) needed
- Intermodal yard needs
- Re-establish a 3rd corridor
- Heard Class 1s are pulling out of Spokane—with high growth in Easter Washington, need that piece/yard
- Market pressures increase demand
- Siting of new traffic, new facilities
- Publicize where siting is appropriate; where does it make sense to site?

Switching Improvements Needed

- Improvement in switching
  - Tacoma Rail is a model
  - Use short-line for switching, expand their geography
- Local switching is inconsistent. Tacoma Rail works well, take over switch

Class 1 Investments and State Participation

- Rail operations inside ports, and BNSF/UP ability to get in and out of ports: need better co-ordination in order to resolve line conflicts, thereby increasing capacity
- Getting Class 1s to focus invest in Pacific Northwest
- State partnerships
- State leadership: facilitation and incentives for railroad sponsored investments
- Coordinated state outreach: induce private development
- Is State "enabling" operational problems by funding infrastructure?

B. Short-line Rail Issues

Short-Line Needs

- Needed capital for infrastructure: ties, rail, rail yards, etc; there is aging and insufficient infrastructure
- Encourage mainline operators to devolve short-lines; without capital support short-lines would not be solvent
- Need more business and more infrastructure
- Lack of access to capital, therefore degraded lines and safety concerns
- Need for "new thinking"; new innovations and business models
- Intermodal yard needed
- Bringing back the Pasco yard would help
- Need access to mainline by short-lines
- Need interchange capacity with Class 1s
- Short-lines have been successful:
  - More dependable
  - Sunnyside works well
- Maintenance capital—general capitalization
  - Self-sustaining business models
  - Increase passenger service on short-line
- Short-lines are diminishing, but are a needed part of the system
- Small carload shipper service—related to capacity; capacity allocation among users—equity

Policy and State Role

- Proposed State role: guarantee car supply and assist in upgrading short-line track
- Policy on short-lines -- State should beware of starting down the funding road—loan versus grant?
- Need a strategy and policy on deciding what to invest in
- Strategic investments: need a process for priority
- Abandonment of short-lines (Sumas branch; East King County) leads to loss of redundancy in system
- Abandonment "once it's gone—it's gone"
- Short-lines tie together east-west. Extend short-lines
- Impact of decisions on roads—cost-benefit
- Study should address short-line questions separately from Class 1s
- Subsidize?—both for capital and operations
- Business siting/business development decisions
- Note—offline trackage is on short-lines, especially around Tacoma

C. Passenger Rail Issues Rail

Capacity Needs and Tradeoffs

- Capacity issues—can't get enough slots on lines. Caused by conflict with freight
- Getting slots for passenger trains is key
- State could buy passenger slots—would provide capacity
- Need to grow capacity; find a balance
- Need for passenger rail capacity investments
- How much passenger capacity do we want or need?
- There is conflict between and interaction with passenger and freight growth in the I-5 rail corridor
- Balance between passenger and freight. Benefits of public investment to passenger—require performance?
- Need for separate passenger rail track
- Passenger rail respects freight needs
- Take care to maintain freight capacity
- Coordination between freight and tourism
- Consider the benefit-cost of investment—compare rail/highways/bus rapid transit
- Canadian investment in track just north of the border will increase passenger rail capacity
- Regional governance study needs to address railroad capacity in comprehensive plan

Service Quality and Reliability

- There are reliability—on-time performance issues
- Need to improve service quality
- Need to improve passenger depots; make concurrent improvements
- Connections to the rest of the passenger system
- Short-line connections for passenger rail
- Coordination with border crossings
- Expanding commuter rail
- The State/Amtrak partnership is a success! Works from both capital and operational perspectives

Passenger Rail Corridors

- Preserve/expand the rail corridors
- Identify and preserve passenger rail corridors; consider future demand and planning, e.g. Woodinville subdivision; future industrial growth

Funding

- Money issues —State subsidy
  - Politically helpful to have public investment
  - Successful state/private cooperation
- Need for regional/state funding for passenger rail service
- Create a State financing district for passenger rail
- What is the future of Amtrak? There are funding threats, in relation to passenger rail in Washington

D. Overarching Issues Identified

National System

- State system just part of national system
- Is this a system?
- Intraregional concerns in relation to national problems: Washington, British Columbia, Oregon
- How do proposed Washington State improvements function in the Pacific Northwest's regional railroad system?
- Washington investment needs, in relation to national investment needs

Coordination and Collaboration: Public/Private Partnerships

- Focus on public-private partnerships
- Coordinate transportation projects
- More collaboration is needed
- Lack of public understanding of rail issues: planners, public officials, other policy makers

Investment Needed

- Are there adequate dollars for maintenance and repair of current lines? Mainlines are adequate
- Short-lines and branch lines are capital starved
- Financing is key
- User fees to pay for capital projects

Changing, Growing Market

- Plan for and support Puget Sound growth
  - Cost for capacity improvements should not be put on use
  - Dovetail with FAST projects
- Are we shoving problems further down the line?
- Are we solving today's problems versus tomorrow's problems?
- Long term—more capacity needed
- State strategy that predicts growth
- Public impact mitigation is needed
- How to mitigate impacts of railroad growth? (crossing safety, local traffic flow)

Ports and Goods Movement

- Port traffic will drive growth
- Ports of Seattle and Tacoma: 4 million Twenty-foot Equivalent Units (TEUs) now, 10 or more at least in 2020
- Logistics management at ports is changing
- How to improve moves on-dock/off-dock—'on-time' is goal
- Ocean carriers are concerned: ships are growing, Puget Sound ports are set up for growth
- Canadian government is putting $650 million into port project in British Columbia
- Government incentives in Canada make it cheaper to go through British Columbia
- British Columbia has one day sailing advantage over Puget Sound to and from Asian ports
- Capitalize together
- Private ownership of critical public transportation infrastructure
- Technological advances to help increase capacity

Relationship between Passenger and Freight

- Separate freight/passenger rail service?
  - Have to buy more rail
- Passenger rail displacing freight?
  - We are a freight center
- Grow capacity-don't neglect either

Land Use

- Land use issues—surrounding uses are causing conflicts as new construction occurs
  - Lack of understanding of compatibility
  - Need integration of community planning
  - State should reserve land for a truck/rail intermodal (trans-load) hub away from the I-5 corridor
- Encroachment—land use, protect with appropriate zoning; prevent gentrification
- Beware of small jurisdiction issues
  - Land use: more State control is needed
- Need to move hubs away from congested areas (and residential areas) to facilitate rail use versus trucks
  - Has revenue impacts that need to be resolved
  - Needs to be balanced operationally for economy of scale—right sized and located
- Ensure multiple uses of track, preserve industrial/commercial uses
- Regulations and permitting help is needed—facilitate permitting

Truck Freight Challenges: Impacts Rail Freight

- Fuel cost—could create more demand for rail
- Truck/driver shortage
- Diesel—most polluting air substance
  - Low sulfur fuels and retrofit opportunities: natural gas, turbines
  - Funding available to support solutions

Local Community Impacts: Safety, Economic Development, Traffic

- Safety issues:
  - Money required

  - Grade separation projects
  - Flow—freight movement
  - Modal conflict
  - FAST corridor improvements
- Economic development
  - Rail access to encourage business development
  - Don't fund projects that create a bottleneck or choke off growth
- I-5 bottlenecks
- Auburn: key issue—keep it moving
- SR 519? How will this effect rail?

Stampede Pass

- Stampede Pass—an opportunity to increase capacity
- Enhance Stampede Pass
- Create unidirectional Stampede and Stevens Passes; but that leaves out Amtrak…

Grade Crossings

- Address grade crossings
- Lack of rational approach to adding at-grade crossing/closing crossings. Local optimization may reduce system wide efficiencies

Other Challenges

- AASHTO freight rail study—showed it is cost effective to expand rail versus highways
- Access problems in Tacoma
- Redundancy issues
  - Landslide 4/19/2006 that closed the north-south mainline
  - Eastside line may become a trail
  - Cascade foothills study was a negative result—more highway orientation

2. What are the State's Major Strategic Opportunities for the Rail System Today?

Define the State's Role

- The State's roles should include:
  - Strategic planning
  - Project process
  - Regulatory assistance
  - Capital and infrastructure funding and operations
  - Partnerships
  - Explicit criteria for project prioritization
  - Public outreach: inform, educate, justify investments
- Education regarding rail for public and policymakers
  - Why invest? What is the value?
  - Double benefit: for both freight and passenger investments
- Greater State leadership—coordinating, negotiating

Strategic Investments

- Investing in mainline capacity would solve a lot of other problems
- Stampede Pass could be developed

- Help maintain existence of infrastructure
- Maintenance—should we be addressing this? Minimum standards?
- Money to induce, do business with railroads
  - They are doing well
- Prioritization of investment
  - Measures of effectiveness
- State needs a strategic program to ensure it's not reducing velocity—grade crossing
- Need for statewide strategic plan for railroad investments. Define goal and stakeholder benefits
- How to move from 'process' to decision?
- Prioritized and categorized project list
- Rail monopoly
- Rate review linked to State investments
- Need to evaluate costs of improvements: assessment criteria

Working Effectively with the Railroads

- Public-private partnerships
- Shared visions, plans, implementation, solutions
- Develop win-win possibilities
- Work with railroads to achieve their buy-in
- Washington is cost-effective for the railroads if we plan and invest right
- Be wary of scaring them (the railroads) away
- Need to align railroad infrastructure with State's strategic economic plans

Streamlined Permitting

- Coordination of permitting, liability, federal issues

Need for Land-use Planning

- Land use policy coordination—related to import/export intermodal movement

Ports

- We're the closest west coast port to Chicago, but California has captured a lot of the market
- BNSF has better physical plant investments in California; we're not efficient
- Closer to China than California ports—1 day advantage
- Have capacity, or potential for capacity to increase here

Manage Growth, Invest in Capacity

- Help railroads manage growth—what does the state do to mitigate what's coming?
- Should we plan to accommodate all possible growth?
- Freight volume is increasing—some businesses have to shift to trucks to move goods. From air pollution standpoint, rail is preferred
- Upgrades to mainline I-5 railroad corridor from Seattle to Vancouver BC
- Bottlenecks—not just mainline—terminal capacity
- State has funding for capacity resolutions (all passenger) with benefit to system
- Cooperation on mainlines may add 40% to mainline railroad capacity

Other Specific Ideas

- Technology: Positive Train Separation, for example

- Develop Tacoma railroad Mountain line as a freight bypass to BNSF mainline
- Get freight traffic off the Nisqually line
- What tolling/pricing opportunities are there?
  - Disagreement in the group over container fee idea
- Rail is energy-positive compared to roads
- Peripheral groups for run through here
  - East Washington
  - BC—also competitors for discretionary container freight
  - Idaho
- Consider our freight competition: British Columbia, etc.
  - Be strategic, don't lose out
  - FAST corridor project: great example
- Advantage over others
  - Air quality—British Columbia and California
  - Dredging— British Columbia
- Route planning/pre-buy right of way. Example: Dallas/Brownsville ROW in Texas
- What are the other state models for rail?

3. Given Trends in Market Demand, Trade and Logistics Technologies—What Issues Should be Considered in Planning for the Future of the State's Rail System?

Freight Growth Trends and Impacts

- The Pacific Northwest is a major gateway for goods movement
- Will China be a strategic competitor? Or an adversary?
- What will be the effect of China?
- Increased focus on container trade growth will affect rail
- Larger vessels are the future
- Port of Tacoma will do ~ 10 M TEUs
- Port of Seattle will do ~ 5 M TEUs
  - These are 4 times 2006 volumes
- Need to increase capacity at the ports, for both efficiency and economic development
- Freight volume growth—how do we get the most benefit from it?
- Technology and the impact of increased tracking of empty cars; repositioning
- Backhaul growth is a factor
- The forest products sector is growing in Washington; companies are adding mills and production will grow in Washington
- Homeland Security at the border-- will transaction costs increase due to future government policies?
- Grow out of 8-5 workday, move to 24 hour schedules, including working at night – to meet demand

System Needs

- Without sufficient railroad capacity, will freight shift to trucks? Consider the impact on costs, roads…
- A macro level issue impacting the state: increasing population density—will increase consumption here in Washington. More freight destined for here
- Integrated planning with relevant partners and industries
- Need to be considered in the context of the multimodal plan

Land Use and Permitting Issues

- Land use pressures are real -- close to port and industrial sprawl
- Right-of-way preservation—in response to residential and industrial demand
- Industrial lands are impacted by gentrification
- Expedite permitting—currently with locals. State needs to work with locals. An integrated permitting system should be implemented
- Columbia/Snake River system at risk—without barge system, increased pressure on railroad system

Business Model Changes

- Lower unit costs—can be expected via rail
- Changes in logistics—inland ports?
- Railroads are getting out of the equipment/intermodal areas
  - Customers are staying with rail
- Consider new locations for hubs
- Tax policy considerations
- How will state and federal tax system impact modal shift between trucks and railroad?
- Mainline railroad companies will continue increasing profitability due to increasing volumes
- Need public money for investments in the system—a hard sell for freight
- Integrate the ports and rails: we have a lot of tools

Short-Line Issues

- Incentives for the short-lines to run traffic to hubs
- New roles for short-line rail are possible
- Financial assistance for short-line investments
- Short-lines need investments
- Need to strike a balance between short-line and mainline operations

Infrastructure Investments Needed

- How will the region (B.C. and the U.S.) create a common approach to 'sell' the investment need? Consider FDI.
- There is a need for major capital investment, so must develop finance mechanisms (FDI and creative financial instruments). For example, tax incentives for railroad capital investments
- There is a huge demand for infrastructure
- Build infrastructure, provide consistent service, act now
- Coordinate infrastructure projects
- Fix the chokepoints, to create efficiency and improved economic development
- High-speed east-west rail, with dedicated passenger rail
- Note the Baseline No-Build outlook. Develop alternatives to that scenario

4. What Would Constitute a Successful Outcome for the Rail Study?

An Actionable Policy Plan

- Develop a bold plan
- Streamline the decision-making process (and make decisions)
- Outcome: something actually happens after the study is completed
- Define the problem and its consequence
- Develop a concise, high impact scope and consequence statement; a simple, economic imperative statement that sells
- The study should limit and focus the State's efforts
- Identify where to get to, and also how to get there
- A concise list of actions and their timing
- Create funded improvements—do something!
- Develop policy recommendations for partnerships: what to do/what not to do
- Identify a specific set of actions that the State can take to support economic growth
- Have a phased plan—timed so that total costs are as low as possible
- Include an Implementation Plan, with short and long-term action items
- Make recommendations to the Legislature and the Transportation Commission
- Identify what legislative changes are needed

Establish Priorities and Actions

- Identify the things the State can do today:
  - Expedited permitting process
  - Eliminate 200 grade crossings per year
  - Create mechanisms for freight mobility funding
- Prioritize State policies
  - For spending money
  - Partnership strategy
  - Guidelines for projects
- State the desired mix of passenger and freight traffic, given growth projections
- Address the potential conflict between where market is going and Washington stakeholder needs
- Put greater emphasis on the short-lines, which serve an important role
- Look at the scheme of north-south investments and see if east-west investment would better serve the region to increase capacity. Rail versus rail

Identify Appropriate Projects

- Create a categorized and prioritized list of projects
- Create package of projects that have stakeholder commitments
- Capacity improvement projects
  - Invest—own versus loan
  - Demand management
  - Address bottlenecks
- Undertake cost-benefit analysis of rail projects, relative to other modes
- Example of success: State Legislature preserved the Ellensburg-to-Lind corridor

Clarification of Relationship to the Transportation System

- Set a clear pathway that integrates railroad planning into comprehensive transportation plans at the State and regional levels
- A systems analysis to look at redundancy and corridor preservation needs
- What has the State Transportation Plan done? How do rail recommendations work into this? Need to clarify
- Rail versus roads—need to understand the trade-offs. Look at I-5 investments versus east-west roadways. Passes are a problem and bottleneck for both freight and passenger mobility
- Consider a moratorium on track abandonment until the system is planned
  - May be via purchase or protest of abandonment

Develop a Funding Plan

- Funding, state matching
- Roadmap for investment strategy
- Funding/budget process that shows integration
  - 10 year budget with process
  - Develop a "real" funding program
  - Depoliticize investments
- Invest and mitigate where appropriate
- Encourage federal investment

Identify and Define State Benefits

- Define benefits that are associated with each improvement and each stakeholder
- Identify public benefits that resonate with voters

Increased Understanding by the Public and Elected Officials

- Public understanding for why the State should have a role in funding rail
- Increase visibility with the Governor and legislators
- Assume an educational role—emphasize the benefits to the public (so they see the better choice and importance of public investment)

Clarify the State's Role

- Define the breadth of the State's role
- Clear up who is in charge and has the authority to make decisions
- Who is going to lead? Define responsibility and accountability; partnerships
- Need disclaimer that the State has role to play—in terms of investment funding-- but can't solve entire set of issues
- Assume a leadership role negotiating with Class 1s on behalf of customers

Strengthen Relationships between Governments and the Railroads

- Improve dialogue with local jurisdiction and railroads
  - The Oregon Rail Users League as an example. Shippers, railroads, cities, ports, etc. all come together
  - Technical Users Group
- Obtain buy-in by the Class 1s for the Plan
- Capacity and operational practices need to be addressed

Provide Assistance with Permitting Challenges

- Permit clearinghouse/streamlining
- Regional mitigation for permitting, streamlining

5.0 SPOKANE

5.1 Introduction

The WSTC hosted the third Regional Listening Session in Spokane on April 25, 2006 at the Spokane DoubleTree. Hosted by the Spokane Chamber of Commerce, 61 stakeholders were in attendance.

5.2 Overarching Themes from this Session

Factors Affecting Demand

- Demand is expected to grow: the oil sands in Alberta, Canada will lead to opportunities.
- International imports generally will be growing.
- Biofuels will increase demand for rail service; animal feed also.

Rail System Capacity and Suggested Improvements

- Capacity is the number 1 issue, including equipment, power, and track availability.
- Rail capacity constraints stalls trains, there is a shortage of crews, given the 12-hour law.
- Due to system volumes – we need mainline distribution facilities.
- Need to improve mainline capacity. This study is an opportunity for the State to get involved and look at infrastructure needs and build back capacity.
- All issues tie into capacity; without improving capacity we won't solve our problems.
- There are a lack of cars and rail equipment on the mainlines.
- Since the system is operating at capacity, there are many places in the system where the flow of goods back-up.
- The Cascades are a bottleneck – and that is expensive to fix.
- To bypass the bottleneck could you have doublestacked containers and an offloading facility near the Pass, if that is possible.
- There is a container facility at Quincy being built.
- We are trying to increase the velocity, and are seeing some improvements.
- The availability of cars is a problem, and the viability of short-lines depends on this.
- Both BN and UP have decisions to make about their capacity – they are finding it difficult to offer services.

Service on and Access to the Mainline Rail System

- Railroad access for rural shippers is key, need improved access to the mainlines.
- Growth in mainline traffic is causing trouble with local short-line traffic.
- The mainlines' intermodal strategy is reducing service levels.
- Some local products have local destinations, and some routes are not competitive for rail service and the Class 1s.
- Our shipments typically are not going to travel on Class 1 railroads, but many shipments, including those from out of state need that service. Need to align all those pieces.

Operational Improvements Suggested

- Better connectivity with Puget Sound/West Coast trains is needed; lack of connectivity often causes overnight layovers.
- Build a new tunnel at Stampede Pass.

- Train speeds need to be increased.
- The Pasco switch yard is slow and unreliable.
- There are delays in switching terminals, especially at Pasco.
- Grade separation projects are needed.

Short-Lines Specifically

- The local communities have infrastructure in their towns and short-lines are unable to maintain their infrastructure.
- There are short-line capacity issues also, including track availability and equipment.
- Short-lines should capitalize on being a nexus to the mainline system.

Passenger Rail Specifically

- For daytime service, the local 2:15 a.m. departure isn't a good time for people.
- The high cost of gas will only increase demand.
- There are problems with passenger service; Eastern Washington shares rail capacity with freight.

Working with the Railroads

- The mainline railroad business model has changed to address increased freight volumes.
- Need to improve the business climate for the Class 1s, recognizing that all the Class 1s have already invested.
- Private-public partnerships are needed, with commitments, so the short-lines can be successful.

Communication Needs

- The Class 1s, the short-lines and the State should get together to discuss freight needs.
- If the Class 1s and short-line railroads are not on the same page it won't work.

Funding and Investment Issues

- Financial constraints exist, and everyone must be realistic about what is possible.
- The State could invest in the short-line railroads; making targeted investments in individual, viable projects.
- Look at tax payer return before making State investments.
- Private-public partnerships can help; an example is the Bridging the Valley project.

Transportation System Linkages

- Need to maintain and enhance competition between different modes.
- The barge system needs to be looked at as a partner, not just as a competitor.
- Consider the multiple benefits of different modes of freight transportation.

Land Use and Permitting

- We need to preserve right-of-way, preserve industrial areas through zoning and working with local governments on land use.
- Purchase and preserve right-of-ways, don't make today's problems worse by not setting aside transportation corridors for freight and passenger uses.

Intergovernmental Coordination

- Work with our neighboring states; the issue of rail capacity isn't limited to Washington or the Northwest -- it's a national problem.
- Work with our neighbors to address those issues, if we improve capacity here, but not in other states, we are still challenged.

Successful Project Outcome

- The WSTC has to take a position -- the Rail System needs action!
- The study should provide a gap analysis, and financial plan to implement a long term solution.
- The study should recommend that the State create incentives that reward private investment.
- Support policies that encourage private investment.
- There should be an annual report card for railroads.
- The study should help the Legislature take positions on issues.
- The State needs the means to follow through and implement the study's recommendations.
- Need to talk about public money will be spent, including accountability to the tax payers.

5.3 All Small Group Comments

1. What are the Most Important Rail Issues and Challenges in the State Right Now?

A. Class 1 Freight/Mainline Issues

Capacity Constraints

- Railroad volumes are growing
  - The mainline business model is changing, to raise volume, velocity, to adapt to increasing demand
  - Some commodities require more unit trains
  - How will the Spokane region take advantage of changing east-west multimodal logistics systems?
    - The border crossing (at Kettle Falls/Republic) is not staffed 24/7
- The capacity constraints of the Class 1 railroads allows them to choose where to serve; but they can't do it all and the smaller areas suffer
- Mainline capacity started to disappear two years ago
- The UP is at capacity
  - Even with 88 trains a week?
- Mainline capacity is an issue, especially for east-west and north-south
- Need improved mainline capacity
- Capacity needs
  - Equipment/cars
  - Track
  - Crews
  - Power
- There is a lack of capacity regarding:
  - Money and time to build
  - Across the nation

  - Between major centers, "over the road"
  - In terminals, for switching
- The State needs extra capacity through Stampede Pass, Seattle-Tacoma, Spokane-Pasco, and Stevens Pass
  - Extra sidings for port traffic is also needed
  - Double track Spokane to Pasco and Spokane to Wenatchee
- As the mainline system approaches capacity, there is little or no ability to recover from disruption
- Competition between Class 1s is killing the ability to find a long term rail solution
  - Keeps remote areas isolated and limits options
- State and feds must work with the Class 1s to increase mainline capacity

Customer Service, Access to the Mainlines

- Shippers are not getting served
- Access onto Class 1 rail lines for local shippers is needed
- What value to regional shippers are the Class 1s if there is limited or no access?
- There is plenty of demand for commodities—we don't have the infrastructure to move it all
  - Safety is key
  - On-time delivery too
- Improved access to the mainlines is needed
- Agriculture products are the first to get bumped to trucks; they take the "back seat" to containers
- There is little opportunity to onload and offload in Eastern Washington, especially for agriculture

Capital Investment, Infrastructure Needs

- Investment is justified only if the investment plan has Class 1 railroad support
- Both fixed and mobile assets are needed
- Velocity is impacted by volume and fixed tracks
- The Pasco and Spokane switching yards are behind, and in two years it has gotten worse
- Grade separations and crossings are needed for Class 1 systems
- Port/rail connections are needed at the Ports of Tacoma, Vancouver, and others

Pricing and Competition

- The Class 1s are now operating in an oversold environment—pricing is used to differentiate service
- Congestion results in poor service and higher costs
- The market is competitive
- We have seen price increases for low profit commodities
- There is a lack of pricing flexibility with the rail companies—margins, profit needs

Labor Issues

- There are rail company employee management problems, these are impacting operations
- Railroad labor force aging and labor is hard to find
- BN has been hiring, for the first time in a while
- The Class 1 railroads have shortages in manpower; this has an effect on capacity

Impacts on Local Communities

- A concern and challenge that the State is becoming a "Bridge State" and rates are higher for local producers
- The Class 1s focus on international trade—goes <u>through</u> the state

- Growth in mainline traffic is causing increased impacts on local traffic
- National shipments must go through Washington – this hampers local, regional and state shippers

Railroad Cars

- Railroad operating procedural rules impact operational efficiencies
- Mainline companies are spinning off low volume lines and end up using the mainlines for car storage
- There are minimum car requirements
- There is a lack of available refrigerator cars—or too many requirements to get technical changes

B. Short-line Rail Issues

Policy and Management is Needed

- WSDOT, the Legislature and the State all need a policy for the short-lines; need a policy to back commitments for what to do when things go bad; how to effectively use the money
- Who should manage the relationships with the short-lines?
- How to manage the many independent, private and public players; cannot operate in isolation of others – we are reliant on all
- Need to rely on all parties to uphold agreements and work together. Without everyone, it doesn't work

Relationship of Class 1s and Short-lines

- Class 1s and short-lines are dependent on each other
- Short-lines need mainline service
- There are short-line challenges with the Class 1s
  - Feel the Class 1s used to be more helpful
  - Don't accommodate short-line needs
  - The Class 1s don't want to pick up cars at interchanges
  - The short-lines needs to move a lot of freight, and when the Class 1s don't come on a reliable schedule it impacts profitability
  - Losing short-line lines is an issue—some are embargoed or not operating; this is costing the customer base
- Need a system that can reach markets off the mainline
- Need the ability to get local products into the rail system
- Modal redundancy, this is a key factor for lower prices
- If we can't move local products on rail lines, we have to move then by truck, with impacts on roads and highways. State needs to decide on the trade-offs
- Efficient shipment of bulk commodities is critical
- Car supply is a problem
- Total cost of moving grain is an issue

Short-line Challenges: Viability, Maintenance and Capacity

- Short-lines need help with maintenance to keep up to par
- To keep low-volume lines open, need assurances from shippers and help from the State
- Identify and generate business opportunities for short-lines
- Cost for upgrading to get needed speed is what is critical, speeds need to be about 25 mph
- Short-line capacity needs include equipment and cars

- Grain traffic is low-value commodity, therefore may not receive railroad service
  - With lower volume, there is lower efficiency
    - BNSF's consolidating grain elevators (increases truck traffic on roads that weren't build for heavy loads)
  - Geiger Spur—how to grow railroad volumes
  - Need for spur access to the mainline for economic development purposes
  - How do the short-lines fit into the new BN/UP business model?
- Need viable short-line to handle carload bulk
- Need more dialogue and fewer studies --"come to the table" to fix
- Be efficient and make best use of public dollars to help shippers & short-lines

C. Passenger Rail Issues

Improved Service Needed

- Waiting for Amtrak—need to keep Amtrak running
- How to shorten time so that service can improve, ridership can improve and it's more competitive?

Demand

- It is up, not down
- Daytime service needed east to west
- State investment in passenger rail causes heartburn, due to low ridership
- Tough to justify state investments due to low usage; State can attract partners in investments

Priorities: Freight versus Passenger

- Sharing track with passenger rail; problematic from an economic standpoint—but long commute passenger rail is nice to have
- Priority with freight?
- Takes capacity on mainlines

D. Overarching Issues Identified

Rail Study Is Needed: Should Answer Key Questions

- Rail study—a good first step; applaud WSDOT
- What is the WSDOT's role in the railroad business?
- Public investment in railroad infrastructure…
  - State only?
  - Railroad only?
  - Combine resources?
- How do BNSF/UP's strategy decisions impact the citizens of Washington?
- Need to balance investment into roads and rail
- Some regulation may be warranted—what happened to ICC?

A National Issue

- Rail capacity is a national issue—it affects the Inland Empire
- Business generated in northern Idaho and Montana affects rail flow in Washington

Tradeoffs within An Intermodal System

- Other modes work together, why can't the railroads?
- Want to keep all shipping options available
- 23 rail cars = 150 trucks
  - Must take into account wear and tear on the highway system
  - Maintain and enhance competition between all transportation modes
  - Work with other states to implement all points listed above

Local Community Support and Economic Development

- Local communities need help to fix rail breakdown—often right off Main Street
  - Repairs = money
  - Owners are not taking care of needed repairs
- Regions and tribes want economic growth
  - How to ensure railroad access before higher volumes exist?
  - Trying to recruit industrial customers, but can't get railroad service commitment
- Rail shippers are getting priced out of business

Spokane-area Needs

- Spokane area containers—drayed to Seattle only to pass through Spokane headed east
- Spokane is a bottleneck in the system
- How can the Spokane region capitalize on being a nexus of the east-west mainline railroad system?

2. What are the State's Major Strategic Opportunities for the Rail System Today?

Take a Lead Role

- Provide oversight authority
- The State needs to be stronger in decision making
- Should the State step in to help? Who takes responsibility?

Partner Regionally

- This is more than a Washington issue—the State should work with others
- Work with neighbors and local governments regarding land use and expansion

Invest Strategically with Public Dollars

- Invest in economically viable projects; the west and Cascades region are all at capacity
- The MPOs/RTPOs are investing huge money in the roads, would it be cheaper to invest in rail?
  - Saves fuel, traffic, time
  - Seems better to invest in railroad
- Find opportunities to invest, and consider strategic public-private partnerships
- Need to develop strategies that bring value-added business to international throughput
- When making investment decisions, consider multiple benefits
  - Truck vs. rail vs. barge
  - Air quality, infrastructure, etc.
  - Safety, environmental
- Separate out the issues, weigh options
  - There is need to consider return on investment

  - Assess the multiple benefits -- look at truck vs. rail
- The State has input to ensuring service in return for the public funds invested
- Private-public partnerships are possible (local government, shippers, railroad)
  - When public benefits (and therefore public funds) are invested in private rail system
- The State needs a return
  - The State needs to consider modal competition
  - Trucks have air quality impacts; rail is better (consider air quality in prioritization)
- Investing in rail will take pressure off the highways and lower traffic impacts
- Railroad investments are needed to increase rail capacity
  - It will also decrease trucks on the road
- Is the State investing more in Western than Eastern Washington?
- Develop state policies that ensure that Washington doesn't become a "flyover" State, where international containers only pass through Washington
- Not good to turn the State into a "railroad pipeline"

Specific Investments Suggested

- Eastern Washington lacks long-term aggregate supplies
- The State should be investing in rail crossings
- Need expanded and better switching
- Increase sidings by building storage tracks
- Develop manufacturing centers in Eastern Washington
- Northeast Washington needs to be able to compete for the siting of manufacturing companies—lack of railroad access equals competitive disadvantage
- The Port of Seattle and WSDOT can double capacity—State has an obligation, opportunity to make sure those in the Inland Empire aren't hurt by this traffic
- Bridging the Valley railroad project will add railroad capacity and mitigate local traffic impacts
- Developing transload centers to efficiently handle smaller volumes would help
- Availability of rail cars is key
- Better utilize the barge system to reach ultimate destinations

State Support of Short-lines

- State should not invest in short-lines, it takes away from jobs
- For investment, short-lines needs to show their value
- Short-lines need subsidy to survive, there is no revenue base
  - Some won't make it (product of years of defensive maintenance)
- State could invest in short-line rail
  - Not just programs but targeted investments (with matching funds?)
- Short-line operators provide benefits for farming and port districts
  - Don't pay property taxes
  - Need greater access to state funds
- Small shippers and short-lines need access to the mainlines
- Invest to ensure availability of cars for the short-lines

Passenger Rail Investments

- High speed passenger service, both east-west and north-south—the State should invest
  - Has tourism impacts

- Disagreement concerning State investment in passenger rail, some believe the State should be investing in passenger rail capacity
- The State should combine passenger and freight service—one unit

Preserve Industrial Land and Right of Way

- Retain industrial land
- Preserve industrial/railroad capital, land, infrastructure
  - Work with local governments on land use
- Invest in and buy rail right of way in advance of need
  - Long term planning is important
- Do what it takes to retain railroad capacity; don't lose existing lines to residential development because property values will keep rising and development will continue to encroach on industrial land
- Increased urban and suburban growth causes safety issues, and has land use implications

Streamline Permitting: A Healthy Business Environment for Railroads

- Streamline permitting to speed project plans and specifically target projects that help bottlenecks
- The State should help with permitting, infrastructure; railroads can't do it alone
- Improve the business climate for Class 1 railroads, including regulatory streamlining
- Provide the means for Class 1s to invest
  - Improved business climate for the Class 1s
  - Reduce, don't eliminate regulations

3. Given Trends in Market Demand, Trade and Logistics Technologies—What Issues Should be Considered in Planning for the Future of the State's Rail System?

Increase in Freight Traffic, Especially Intermodal

- International imports will continue to grow
- Raise traffic through and within the State
- The Pacific Northwest will compete for logistics business with southern California
- BN and UP will respond, and will direct investment capital to growth sectors
- Growth of heavy industry in Eastern Washington, away from the west coast and the major metropolitan centers
- Intermodal strategy is changing with BN; Spokane may no longer have access to the intermodal railway system
- May lead to intermodal shipments delivered to the West coast, then trucked back to Spokane
- Trading relationships between Canada, the inland Pacific Northwest, and Mexico are developing
- Asian trade—how to effectively capitalize on this volume?
- Lack of competition (or decreasing competition) with the Class 1s

Labor Market Changes

- Workforce is down; there is an aging workforce
- Rail management and crew fatigue

Energy: Market for Fuel

- The price of fuel is a factor
- Transport of bio-fuels will increase demand
- Bio-fuel opportunities in eastern Washington
  - Cheaper to process agricultural product where it's grown, therefore will ship finished products
  - Need to increase the number of tanker cars
  - Railroads are the most efficient way to move bio-fuels
  - Bio-fuel production facilities:
    - Inbound—200 to 300 miles
    - Outbound—more in national system
  - Byproducts are animal feed, fed lot development
- Oil sands in Alberta—move processed fuels by railroad tanker

Right of Way Preservation

- Look to the future and preserve rights of way

National Security

- National security concerns
- Terrorism risks—hazmat chemicals
  - Liability—increased costs at railroad

Raise Public Awareness

- Raise interest and commitment of public and private sectors related to rail—there is a big opportunity

4. What Would Constitute a Successful Outcome for the Rail Study?

Clear, Concise and Actionable Recommendations

- Need a definite statement with real recommendations
  - Make tough calls to spur debate
  - Don't let this be another "study on the shelf"
- This product needs to be actionable
- Develop an implementable plan to obtain funding, provide for an ongoing feedback loop; develop a timeline for decision makers
- Help make the decision to not be in the railroad business. The State can be involved at some level, but not at the operating level
- Address national issues, including identification of other states doing a good job
- Present the study in a digestible, interesting manner; Legislators and others are busy and do not have the time to read hundred-page reports
- Must be a realistic plan and attend to regional interests and diverse industrial and agricultural sectors

Identify and Prioritize Opportunities, Investments and Partnerships

- A successful plan will:
  - Be integrated with the State's air and other transportation plans
  - Identify source, direction and volume of freight to help communities focus on strategic opportunities
- Identify how to preserve the existing system

- Have Legislative resolution for who is in charge, what is policy
- A prioritized list of needs and opportunities
- Include a gap analysis
- Incorporate new technologies and market trends
- Identify public-private partnership opportunities
- Create a State policy for investing tax dollars
- Provide a financial plan to implement a long term (20-year) solution package for Washington's railroad system

Recommend Strategic Investments

- Need accountability processes to ensure protection of the State's money
- If State money is involved in the private rail business, need to ensure that we are not giving an unfair advantage
- Understand the costs of trade-offs – the cost of road vs. rail investment

Provide Improved, Consistent Service

- Enhanced mainline capacity
- Consistent, reliable rail service for Spokane shippers
- Shippers could use some sort of oversight if recourse is needed
- Improved competition for Inland Empire shippers
- Want to have more than one market access point
- More effective car distribution network
- Adequate and cost-effective pricing for short-lines

Ongoing Communication Plan

- The State should have a "game plan" for communication with stakeholders
- Hold ongoing stakeholder group meetings, with public, private, short-line, mainline participants

6.0 TRI-CITIES

6.1 Introduction

The WSTC hosted the fourth Regional Listening Session in the Tri-Cities on April 26, 2006 at the Red Lion Pasco. Hosted by the Tri-Ports, TRIDEC, and the Benton-Franklin County Council of Governments, 60 stakeholders were in attendance.

6.2 Overarching Themes from this Session

Service on and Access to the Mainline Rail System

- Local and regional shipping operations are a real challenge, getting trains, timing, boxes, power, and responses from the Class 1 railroads.
- There are major service and infrastructure challenges for the short-lines and the Class 1 railroads.
- Need to maintain and grow local access to the State's rail system.
- The State should be helping the short-lines in working with the mainline operators.
- The State could support regional shippers – provide support for regional transloading centers.
- The big trains are coming through town but not stopping, small businesses are being left out.

Operational Needs

- There are bottlenecks at Stampede Pass (it can take 4-6 days to ship to Seattle).
- Need to include the Columbia and Snake River systems in the State plan, and include solutions focused on efficient transloading. The RailEx program is a good example.
- There is a lack of maintenance on the short-lines; they need capital investments -- the study should look at that.
- Grade separations/crossings need some major work.
- Quality, service, funding and capacity – these are the big problems.

Communication Needs

- There doesn't seem to be good communication between the rail users and railroads.
- Need communication to improve the system's capacity needs.
- How are we going to plan for the future? What is going to happen? Need information and decisions.
- Need commitments from the Class 1s.
- Bring UP and BNSF to the table to work with us, to be a partner financially and in system planning.
- A major point made is about communication, shippers aren't experiencing fluidly, need to improve that.
- A decree: from this day forth BNSF and UP will be more forthcoming!
- Communication with the mainline railroads doesn't currently exist; we are looking for help with that. Maybe the State can help.
- There is an ongoing lack of communication between cities, ports, public agencies, and the railroads.
- It is difficult to work with the railroads, even on a project of large magnitude.
- Need it to get projects done on time, even if it is just small projects.

- There is a lack of railroad representation in the communities – need to bring the electeds, rail operators and shippers together.

Funding Needs

- We have to develop a means for financing these projects, including the short-lines, infrastructure, etc.
- There is a real lack of financing for the short-lines. If they aren't maintained, what do we do?
- The State should provide financial assistance to the short-lines, allocating costs to those that benefit.

Passenger Rail Specifically

- Passenger rail: how does that factor in?
- There is a lack of passenger rail; the west side has the population density to support it.
- Is passenger rail viable in the east? Bullet trains, existing capital, are all questions.
- There is a competition between freight and passenger rail, that is an issue.

Transportation System Linkages

- This is a multimodal system, we need to look at the balancing point between rail, barge, and trucks/roads.
- The rail system does not stand alone; it is one of many modes. We don't know what the optimum capacity is on rail. Can we improve it? How? Through transfer facilities, management structure, infrastructure investments?

Permitting Issues

- Create an expedited permitting process, create a railroad-friendly environment.

Intergovernmental Coordination, Including the Federal Government

- In the future, how can we all be good neighbors and partners in commerce? Perhaps establish a State coalition, with an appointed board or committee.
- This is system – we need to work with others in our region to build an alliance to communicate with the feds.
- Doing it alone helps, but we need to go beyond that and work together with others.

Defining the State's Role

- Not sure what the State's role is in facilitating and bring rail to the table.
- The State can be the advocate for dealing with the Class 1s.
- Delegations of companies don't get responses individually, but the State can help create partnerships.
- Need advocacy at the State level.
- We know that populations are shifting – there is trade growth in India and China. Is the State prepared to meet those trends?
- There are changing dynamics of around the Columbia and Snake River situation; we hope for State help there.
- Need clarification of the State's role in public-private partnerships.

Successful Project Outcome

- The study will be successful if we see increased economic viability.
- Have the recommendations implemented and receive commitments from the railroads.
- Need to create consensus from state decision-makers about how to move commodities in the future, including looking at different types of products.
- The study should suggest performance measurements, e.g. delays reduced?
- There are existing vehicles for investment, e.g. FMSIB. Need to make sure that the right projects are identified.
- The public needs to benefit from whatever it is the State does.

6.3 All Small Group Comments

1. What are the Most Important Rail Issues and Challenges in the State Right Now?

A. Class 1 Freight/Mainline Issues

Routes, Capacity, Power and Velocity

- There is a big car shortage
  - Can put a short-line out of business
  - State buying cars not really appropriate
- BNSF doesn't have adequate power
  - Changes for constructive placement
  - Fighting the changes equals money
- Need for capacity; increased capacity will lead to an increase need for grade separation
  - Stampede Pass is an example
- Pasco-Auburn rail line cannot handle much more than 12 trains per day
- Need to determine solution—possible public-private partnership for Stampede Pass
- More regional freight will be traveling on Stampede Pass
- Opening Stampede Tunnel will impact communities located next to the rail line
- Phenomenal growth of traffic on rail systems has resulted in congestion on the mainlines
  - How to fund projects to alleviate that congestion?
- What might be the long range consequences of the trend initiated by the Class 1s to shift mainline work events to the short-lines?
- Port of Tacoma—now considering 10,000 ton ships
  - Who pays for improved infrastructure to handle this volume?
  - At 8,000' = 270 containers; at 60% = 8 trains result from one shipment
- Capacity needs include infrastructure and cars/equipment
- Need to define "capacity"
  - Is it an operational, infrastructure, or another form?
  - Is the only fix more money/capacity or something else?
- Need help with this issue, from the Class 1s
- Need to create a list of all rail projects and needs (of railroads, local, short-lines, etc.)
  - Then will trigger a policy discussion if needed

Partnerships, Cooperation and Customer Service

- Class 1s responsiveness is bad and getting worse
  - Won't respond to locals
  - Does State have a role to help? (Like CTED)
- Need to clarify the State's role vis-à-vis Class 1s
  - Railroads seem resistant to public partnerships
- The two Class 1s, short-lines and State should work together to fully utilize infrastructure capital
- There are communication problems between the Class 1s and shippers
  - Small customers needs are lost
  - Family wage jobs are disappearing
  - Work with labor is needed to address these issues
- The Class 1s don't discuss upcoming changes with those on the "front lines"
- If there are upcoming service changes being considered, want headquarters of Class 1s to talk this over with shippers
- Too much arrogance with Class 1s
  - There is no local representative from community to support the railroad
- Don't see Class 1s suddenly waking up and providing "personalized" service

Changing Class 1 Business Model: Access, Rates and Reliability Challenges

- Access to Class 1s for small shippers
  - Scheduling, interfacing
  - Short-line transloads have a bigger role
- Class 1/BNSF: customers cannot get their products to the East coast
  - Unreliable, not on schedule
  - Poor customer service
  - No Northwest reps even for large shippers
  - Cannot effectively move product
- Cannot find cost-effective means of moving products
  - This is hurting business and economic development expansion options
  - Washington doesn't have the infrastructure that is needed
- Service quality and availability of freight rail is an issue
- Competition and lack of financing for short-lines
- Changing Class 1 business models
- Unable to utilize supposed capacity for local shipments
- Shippers have challenges with regional transport
- No regional rail support – need access and power
- West coast is filling the trains; concentration of goods are leaving Washington
- Changing business model of mainline railroad regarding velocity and long haul moves
  - Poor access for small volume shippers, short-lines, transload facilities
  - How can small volume shippers adapt?
- BNSF is a monopoly in eastern Washington; therefore they control access to the railroad
- They prefer high volume, consistent shipments—smaller volume shippers are ignored
- These complaints have been lodged many times—no one seems to be listening
- These issues appear to be national in scope—don't want this listening session to be viewed as a "bitch" session
- Maybe a PR campaign to educate the taxpayers would help

Workforce, Safety, and Right of Way

- Need labor to meet these demands
- Class 1s workforce is relatively "new"
  - Not as efficient as before
- 50% of the local Class 1 railroad workforce will be retiring soon (within the next 5 years)
- Different BNSF crews are reporting different ways
- Railroad person actually doing the work can best assist customer
  - Class 1 railroads have gotten away from this, which hurts communication
- Are the level of improvements at private crossings adequate?
  - Private sector should make low-cost safety fixes
- Grade separations need financial assessment
  - Yakima, Tri-Cities, Ellensburg
  - Ellensburg-Lind activation would help
- Abandoning the railroad puts the onus on counties; Coulee City is an example

Railroad Impacts on Local Communities

- No confidence that railroads are committed to the communities they serve
- No way for local communities to make railroads participate in solutions
- There has been an increase in mainline freight going through local communities, but no benefit to cities—need mitigation
- No local contacts in BNSF are available for local communities
- Poor railroad maintenance in the right-of-way

State Funding of Class 1s

- Need analytical tool to help determine State investments
- Hard to justify State money getting invested in Class 1s
- Concerned about State dollars going to upgrade/improve private rail infrastructure

B. Short-line Rail Issues

Role of Short-lines and Demand for Services

- The dilemma is that short-lines could capitalize on medium-haul—a market that can be trucked as well
- Increased fuel prices will drive more business to the railroads
- Railroad business is good and volume has also "overwhelmed" short-lines' ability to handle the growth
- Loss of short-line service will impact local railroads

Short-lines Need Support

- State should evaluate possibility of reducing regulatory requirements on short-lines
- Need flexible money to support rail
- Short-lines need help with at-grade crossings—need money
  - All crossings need improvements—need money
- Increased maintenance would increase speeds and loads—who should pay?
- Short-line car loading, availability—would help small shippers

C. Passenger Rail Issues

Service and Demand

- A lack of passenger rail service
- No service, really
- Where would subsidy come from?
- Passenger trains do bring dollars that helps all trains
- Is traffic bad enough on the East side for passenger rail to be competitive?
- Can passenger railroad service compete with air service from Eastern Washington to Western Washington?
- Desire for passenger rail -- service from Walla Walla to Pasco to Auburn
- Passenger rail service is critical, hope it doesn't go away
- Look at passenger service possibilities running east-west
- Could the Hanford Rail line be used to operate passenger trains? (want to preserve this option)
- Lack of and poor maintenance is due to management practices and/or lower access to capital

Need for Passenger Rail

- Need more connectivity between Eastern Washington and Western Washington (Tri-Cities to Olympia)
- Need to get passengers off the highways and onto high speed rail
- Passenger service will likely need to grow as gas prices go up

Modal Conflict

- There are conflicts between passenger and freight rail on the same track
- Passenger trains are pre-programmed and railroads should be able to work with this information
- Along I-5 every passenger train takes up a slot that could be used to run a freight train
- Delays caused by freight; in the past, Pasco had four-hour service to Seattle

D. Overarching Issues Identified

Need Communication Generally

- Non-users of rail benefit from increased use of rail, including freight and passenger
  - Public needs to be educated on this fact
- The "business" of railroad freight transportation is "invisible" to most; this mode only becomes visible when it fails
- No ongoing communications between railroad (mainline and short-line) and local governments—local communities can't get projects done
- Communication between Class 1s and short-lines—could be much improved

Industry Oversight Needed: Possible National Partnerships

- The rail industry needs some oversight; current rail network seems "broken"
  - Is this a state role? A federal role?
- A federal solution may not be in the State's best interest; best handled locally and regionally
- State restrictions on spending public money on private facilities

Relationship between Passenger and Freight Rail

- There is a conflict between passenger and freight
- Limited capacity on mainlines--hard to handle both passenger and freight rail demand
- Don't have peer-to-peer exchange between state, railroad and local entities
- Calls into question the importance of rail to the State (WSDOT) if the Secretary-level is not directly involved

Other Comments

- Removing dams makes the situation worse
- Railroads cannot independently afford to fix all problems—remember they are not investing billions in the rail system
- Need to maximize rail usage to reduce truck traffic on roads; need to encourage movement of cargo by most economical means

2. What are the State's Major Strategic Opportunities for the Rail System Today?

Define State Role and Implement Policies

- No analysis paralysis
  - Stick with schedule and priorities
  - Address the right issue at the right time
- The State should take action, get involved
- The State to play an advocate role
- Provide legislative direction to railroad
- What role can the State play in reducing congestion at ports; interplay with short-lines?
- What role can the State play in solving situations where private railroads won't "permit" access/crossing on their tracks?
- WSDOT can't help except for safety—it doesn't have the money
- State's role in long-range is a question. State's role in passenger—should it be there?
- Develop approach that ensures railroads will respond in a timely fashion to local communities, and will work toward solutions
- Need to create strategies and implement them to assist Washington agricultural shippers in delivering product to the East Coast
- The State needs to take a stronger role in facilitating the interface with Class 1s
  - CTED is a great candidate—can coordinate economics of west-east and movement of freight
  - BNSF has failed at getting long-term planners in charge, over "daytraders"

Funding and Investment Options and Issues

- Legislature has made investments
  - Impact has been small because the money is small, as is the benefit to shippers
  - Bad tracks—slow trains
- Should be penalties and bonuses based on performance – now the State has no hammer
- Help maintain the mainlines
  - This is a highway, but should tax payer dollars be used?
- What about purchasing cars?
- The State and the region could buy cars
  - Penalize Class 1s for not returning cars

- Full funding for the short-lines, especially infrastructure funding assistance
- Look at increasing the use of public-private partnerships and possible tolls
- Imposes a tax on the railroads to help fund infrastructure
- Alternative financing approaches are needed
- Look to existing vehicles for investing
- What is the benefit of the railroad to different State regions?
- If the State invests money, need to negotiate the benefit to the State from the railroads
  - Quicker permitting; access to right of way
  - Identify pressure points; State has to improve their own position
- Consider alternative financing if the State cannot pay
- Railroad car surcharges--example: Watco line is $850 per car

Cooperate Regionally

- Continue and increase the state-to-state and federal work with railroads
  - Team with others in the northwest and regionally
- Cooperation amongst various jurisdictions and the private sector is key to ensuring effective use of funds
  - Create a "safe" environment to allow this exchange to occur
- Partnerships between companies (on the east and west coasts) to fill empty trains
  - Could the railroad or State help?
  - Example: the grain train—it has been successful. Are there other, similar opportunities?
- Plan for entire the agriculture supply chain; for example, the wheat train/truck/barge/storage system

An Intermodal System

- Determine the balance of all transport modes—water, coal, rail
  - What is best investment combination? (to improve optimization of existing rail lines)
- Consider the impacts of short-lines closing on trucks and local communities
- Need a strategic plan that identifies commodity shipping patterns into the future and gains control of transportation corridors to secure them
- Understand that freight transportation is a system of multimodal transportation. Rail impacts roads, which impact barges, etc.
- Rise in fuel prices will push traffic to rail

Assistance for Short-lines and Shippers

- Shippers and short-lines should be priority investments for the State, not Class 1s
- Provide financial assistance to short-lines, but allocate costs to all benefiting

Preserve Rail Corridors

- Have dedicated industrial corridors (sanctuaries)
- Need to preserve and maintain rail corridors for future use, for example, the Lind corridor
- Ellensburg—Lind saves building
  - Retain regional system
  - Streamline this process

Transloading Facilities

- The State should create incentives for transload facilities that are strategically located in Washington
- Regional car marshalling/transloading yard to support hook and haul
- Regional transport/easy transloading

Passenger Rail

- Determine the projected passenger ridership demand
  - Creates higher demand on freight lines

Specific Recommendations

- Create dual access lines to ensure competition
  - Without it, nothing compels the Class 1s to change or cooperate
- Utilize Columbia/Snake River systems
- Co-production (track-sharing) in the Columbia Gorge and other locations
- Double-track the mainline railroad system or run one-way traffic to improve throughput
- Improve bottlenecks at Stampede Pass
- Eastern Washington's lower power rates attract global companies, but must be able to ship globally

3. Given Trends in Market Demand, Trade and Logistics Technologies—What Issues Should be Considered in Planning for the Future of the State's Rail System?

Increasing Demand

- 96% of the world's consumers live outside the U.S., so Eastern Washington must be able to meet those needs
- There are big consumer markets for Washington on the East Coast
  - Are there back haul opportunities?
- Need to compete in the global market and depend on the freight system
- Trade growth and population shifts are factors

Local Access to Mainlines: Class 1 Service and Business Model

- Without improvements in Washington's railroad system, Eastern Washington manufacturing and agriculture may move
- The current operating models for the Class 1s cut out a lot of Eastern Washington shippers
  - They enforce through pricing
  - Availability of cars/locomotives is an issue
  - Lack of capacity, generally
- Markets have been consolidated by Class 1s
  - Maybe we should look at this; short-lines could facilitate this
- Class 1 issues:
  - Lack of competition affects the short-lines
    - Can't move UP cars on short-lines where BNSF owns them
  - Unit trains are what railroads want. This bumps off carload manifest traffic and hurts local agricultural shippers/exporters
  - Don't have good options for consolidation
- No domestic intermodal service here

Need for Short-lines

- Continue development of short-lines as a secondary network
- State needs to help the short-lines
  - Grants and loans
  - Where does money come from?
  - User fees—on shippers
- Transloading facilities will develop to help smaller shippers aggregate products and ship efficiently
- Short haul intermodal model, also there are technical and service models

Other Needs and Trends

- Expansion of security and supply chain issues are at play
- Operate trains more precisely, security, real time operations center are options
- Change the container fees imposed by the Ports of Seattle and Tacoma in order to improve railroad infrastructure and compete more effectively with Southern California and B.C. ports
- Federal and State policies that control water access and other incentives/disincentives for agricultural production
- Larger ships are a trend
- Columbia/Snake River status is an issue

4. What Would Constitute a Successful Outcome for the Rail Study?

Define the State's Role and Policy

- To have the State's role in railroad defined
- Create consensus among decision makers/power brokers in Washington about how to move commodities in the future
- State would enforce its laws and commit to getting the job done
- State needs to play an advocacy role with the Class 1s
- State constitution—enforce shipper access considerably

Strategic State Investment, Including Accountability

- Determine funding needs and make sure we define how we get there
  - Share the burden with all stakeholders
- Long range strategic plans for financing
- Funding—allocate costs among stakeholders
- FMSIB to invest
- Work with ports to coordinate local investments
  - May be only way the State can invest/loan for short-lines
- Performance metrics are needed
- Some preferred metric (speed, throughput) that we can point to
- Do not create any new entities—committees, commissions or councils
- Ensure that the program is implemented and commitments followed through

Involve Class 1s

- Identify a policy framework for financial partnerships between the State and BNSF/UP railroads
- Identify strategies that will bring BNSF and UP to the table with the State and local communities to solve problems
- See a demonstrated commitment from Class 1s

- Commitment from Class 1s is key
- Should the rail system lines be private or public?

Consider the Economic Health of the State

- Preservation of family wage jobs
- Promote economic viability
- Provide strategies to sustain Eastern Washington's economy—in particular, agriculture
  - Must get agricultural product to market in timely manner, per customer demand
  - Eastern Washington has to be a big player and part of this
- Identify commodity flows in Washington and propose strategic solutions to support the most effective and efficient freight system
- Population shifts—load-centers move
- Preserve carload business

Involve Stakeholders

- Continue to enlist all stakeholders in building solutions
- It must respond to input and concerns heard at the listening sessions
  - Like to see how the State prioritizes the major issues heard

Other Comments

- Include solutions focused on strategic transload facilities on the Columbia and Snake Rivers
  - Need to include Columbia/Snake River system in the strategic rail plan
  - Include a solution focused on highly efficient transload facilities on the Rivers
- How will short haul intermodal evolve?
  - Shuttles
- Deeper larger vessels have deeper drafts and different port needs
- What will happen to Columbia/Snake for navigation?

7.0 CENTRAL WASHINGTON

7.1 Introduction

The WSTC hosted the final Regional Listening Session in Central Washington on May 1, 2006 at Quincy City Hall. Hosted by the Port of Quincy, 44 stakeholders were in attendance.

7.2 Overarching Themes from this Session

Rail System Capacity and Suggested Improvements

- The availability of cars is a challenge.
- Capacity, velocity, and power are all important needs.
- Encourage inland centers, there is too much congestion in the Puget Sound, and Central Washington can provide an opportunity to help mitigate that congestion.
- Should establish yards where BN takes away the unit trains; this could result in better service.
- Regarding rail car availability, Rail Logistics is working on this, but there is more to do, there are programs in the pipeline, and more are needed.
- The Port of Seattle is growing, we are reaching capacity, we need to put more track on the ground now to keep up.
- The Port of Seattle rail lines are underutilized.
- Maintain a viable short-line system; need to maintain control of the right-of-way even if the line has been abandoned.

Service on and Access to the Mainline Rail System

- The Class 1 railroads are providing unreliable service, and there should be incentives to help that service.
- This is a major disincentive currently for shippers using the rail system.
- Local access to mainline railroads is needed; there are situations where shippers are having trouble getting on the mainline.
- The complexity is that if we take care of State capacity, there are still bottlenecks elsewhere across the country.
- We need access to the Class 1 rail system; we need to get to the major markets.
- The short-lines need to be able to move goods around the State and to central locations across the U.S.

Operational Improvements Suggested

- Stampede Pass improvements; double tracking.
- For short-lines, there is a need to improve the gauge of the track; this is especially an issue for some of the smaller lines.
- There are economic development benefits to having bigger cars on the tracks.

Working with the Railroads

- The state should have short line and mainline accountability standards, especially if the State is investing money in these systems.
- BNSF's attitude towards Central Washington is based on their business model – what is more profitable for them? They don't want to work with us unless we are shipping 110 cars.

- The mainline railroads are unregulated utilities—we are spending money on helping BN, so as a quid pro quo, they need to return the favor.

Passenger Rail Specifically

- Rail is important for our economy, ED issue, we produce so many commodities that are shipped out of our state and nation, we shouldn't let go until it is fixed.
- Passenger rail brings in tourism, and a rising tide raises all ships, so need to include passenger in a balanced program.

Funding Needs

- Funding mechanisms: rail should be on an equal footing with other state-supported transportation modes, and more money should be dedicated to supporting rail.
- Unless we find a way to fund increases in rail capacity, we won't be able to move products.

Transportation System Linkages

- Look at the intermodal connections, we need good highway systems too.

Permitting Issues

- Streamline the permit process, within the limits of GMA.
- Relook at the SEPA process; if the NEPA process has been satisfied, then make it easier to do SEPA reviews.
- Need to work with the administration, get into the regulations and make improvements, to make sure we are not wasting time – this is key to cost controls.
- We have to be thinking long-term, and transcontinentally. In four years, we can't get through SEPA, so how can we make improvements?

Intergovernmental Coordination, Including the Federal Government

- Our State legislature needs to be working nationally; need to join with neighboring states doing similar studies to develop solutions.
- Need more coordination between local governments and the Legislature to improve service
- We need unity among the State and federal governments, and need State-to-state alliances to work together with the railroads.
- Need to adopt State policies and direction for rail issues, in conjunction with federal policies.
- At the federal level, there is talk about both the air and highways system; at the State level there is talk about freight but not passengers; we should be talking about both.
- There are national politics to consider; alone we are small, but we could get together with other states to put pressure on the railroads.
- This is not just our issue, service is discontinued for more profitable service around the country. Need federal pressure to make improvements.
- The rail system needs double tracking all the way to Chicago; the states need to get together to build the second track.

7.3 All Small Group Comments

1. What are the Most Important Rail Issues and Challenges in the State Right Now?

A. Class 1 Freight/Mainline Issues

Trackage, Capacity, Power and Velocity

- Need longer siding—expand from 3000' to 8000' to enable BNSF to get trains off the mainline to work this area
- Limited capacity on national railroad system places Central Washington products (agricultural and forest) at a disadvantage since they're low margin commodities
- Capacity on the mainline – velocity and power
- Capacity needs: desire to move our local freight—given our geographic location
- The viability of small communities—tied to industry's capacity, velocity, power of BNSF service
- Capacity is an issue
  - Need to increase capacity
  - A policy issue

Changing Class 1 Business Model: Customer Service, Rates and Reliability Challenges

- Short-line service is good, mainline (BNSF) is unreliable
- Is BNSF service reliable?
- BNSF won't guarantee the timeliness of produce and agricultural products
  - Frozen shipments to East coast and to Ports of Seattle and Tacoma
  - BNSF is a monopoly in Central Washington
- Rail rates have doubled
- Would prefer box car trains, we are currently served by BNSF and have no choice
  - UP is a boxcar railroad, but we have no competition
- We need a reciprocal agreement between UP/BNSF to get both railroads in this area
- Mainline/Class 1 railroads are unresponsive, bad customer service, hard to work with
  - If State is helping, why won't they help?
  - An issue with BNSF
- BNSF business model has changed to unit trains, Chicago to Seattle/Tacoma
  - BNSF not serving short-lines in Central Washington (Yakima)
  - Short-lines and transload facilities don't have storage tracks that are able to handle unit trains
    - How do we adapt?
- BNSF controls all of the cars
- Service
  - The reality is that ports are priorities for Class 1 railroads
    - Pass-through traffic is a higher priority than for other freight
    - Don't have the equipment available—don't have power, refrigerated cars, etc., while segments are just sitting
  - Need predictable and affordable rates for hauling
  - Context: we are in the extreme Northwest corner of our market
  - Our competitiveness depends on consistency—which is currently our biggest problem as shippers

        - Consistency is a real problem—we have customers that don't want to ship on rail because of reliability
        - All will get worse with gas prices
    - Infrastructure—State spent about $275 million on projects that helped BNSF (grade crossings)
        - Seems like we should be demanding service in return
    - Our advantage is going West to ports and the Pacific Rim
    - Railroads have made some mistakes—they don't have long-term planning; they can't think ahead
    - The system is looking at 40% growth, but railroads are saying that they are maxed out
    - We need more Class 1s (24 trains in 24 hours is the current service level)
    - More than one-third of agricultural products are shipped to Asia, and trucks aren't an option
- Can we entice Class 1s to provide local and regional access for local and regional shippers?

Utilize Port Facilities

- Would like to see the Port of Quincy's intermodal facility utilized
- Quincy has an underutilized intermodal facility
    - Getting the mainline to stop there
    - Desire for a pool of cars to be there
- Port of Seattle needs to utilize the rail at Terminal 18, and work with BNSF

B. Short-line Rail Issues

Challenges working with Mainline Railroads: Cooperation is Needed

- Limitations by Class 1 railroads
    - Inconsistency
    - Service availability
- There is also a car shortage
- Growth in rail business off regional short-lines is key!
- If in 20 years short-line railroads are not connected (tied together) then they won't be profitable, no matter how much money is put into them
    - Will need to transfer freight more to trucks

Funding and Support are Difficult for Short-lines

- Short-line railroads don't qualify because carload volumes are too low to receive funds from the Freight Mobility Strategic Investment Board
- State funding—most short-lines aren't eligible
- Infrastructure problems—we can't get funding
    - Short-lines are both public and private
- The State gives the short-lines money without conditions
- Capital costs are high—just to get a locomotive
- Fuel costs are rising—that's a blessing for rail
- The railroads starve short-lines for cars
    - But there is no financial incentive to help short-lines
- Short-lines are orphan lines
- Could the State require cars to be dedicated to the State's producers?
    - That should be a condition of State investment
- Keep the short-lines operating and keep ownership of the right-of-ways
- The State should help support existing short-line infrastructure

Track Maintenance and Capital Improvements

- Maintenance for short-line rail?
  - Could the state invest in a pool of cars?
  - There are different types of cars and needs
- Should be some accountability for short-line maintenance
  - Helping smaller business, not everyone has enough merchandise for 4-5 cars a day
- Tracks are not maintained
  - But there is no access to capital funds, loans, or grants to upgrade

Protecting Existing Infrastructure and Right of Ways

- What happens when one of these lines is on the verge of bankruptcy and has to be picked up?
  - For example: Yakima County has become the owner of last resort
  - The County owns the Toppenish, Simcoe & Western/White Swan Branch line
  - Counties aren't well equipped to operate rail lines

C. Passenger Rail Issues

Regional Demand for Passenger Rail

- What is the actual demand for passenger rail?
  - We don't know
  - On the West side there is demand—but it is subsidized
  - Should it be subsidized?
- Is there enough population is Eastern Washington to support the service?
- Reason it doesn't work here: time of arrival for Amtrak train is 4:00 a.m.!
- Passenger rail is needed—if offered as a viable, affordable option, people will take it
- Eastern Washington doesn't have modern Talgo trains used in Western Washington—but there is demand for passenger service in Eastern Washington, specifically from Eastern Washington to the coast
- These are dreams, not very realistic

State Investment in Passenger Rail

- It eats up the track and the capacity—so the State needs to ask: what should be a priority?
- Look into the future—rail is a long-term investment
  - Need to think a lot farther ahead
  - For Class 1s, too—need to look into the future

D. Overarching Issues Identified

Need More Capacity in Central Washington, Especially Traveling East

- Is there enough right-of-way for another East to West route?
  - The mountain passes are the problem
- Reopening the Ellensburg-Lind line and have that be shared use
- Moses Lake area—ship out of Pasco
  - Could use Soap Lake/Moses Lake connection to create a "mini-hub"
- Quincy is developing an all "inbound" customer market—could be key to supporting an outbound market
- East to West connections are needed, especially for intermodal
  - Have to go West to go East now

State Investment

- If the State can facilitate the investment in railroad infrastructure—leverage
- How much has the State of Washington already spent on rail?

An Intermodal System: the State's Role

- The State's patchwork quilt of rail planning needs to be stitched together
- Seems self-defeating for a railroad to pay taxes on their right-of-way when trucks do not
- Need state rail policy—needs to be as credible as policies for the other transportation modes
- The State needs to be a leader in rail
- State should develop a multi-modal strategy
- Take the burden off the highways

State Should Focus Spending and Consider Incentives and Conditional Funding

- How heavily do we currently subsidize railroads, specifically BNSF?
  - The State should find the leverage point—we are helping you, you need to help us
  - We need clarification of public/private partnerships
- Conditional funding: we'll give money if you do this, this…
  - Borrowed, good rate loan money
- States should hold short-lines and mainlines accountable for maintaining infrastructure
- Especially if investing in the capital (conditional money, low interest loans)
- Develop incentives in Washington State to offer to mainlines to perform at designated service standards

Need for Land-use Planning

- Land-use planning—is a key for any rail corridor
  - Need to have a policy statement that "directs" development toward these corridors

Needs of Shippers

- With fresh produce rail program, it is necessary to provide rail cars to growers at the time they are needed
  - November/December – there is a lack of capacity
- Products must be shipped, will go by truck, the roads are deteriorating
- In order to keep up with supply chain, must make ship times, etc.
- Need a heavy freight corridor to Canada

  - Need a reload plant
  - WSDOT allowance
  - Increase use of railroad, international money
  - Could be an economic stimulant

Demand for Rail Cars

- Iterative process—once product begins to flow via rail, confidence is developed, and the rail car supply issue goes away
- State could augment this rail car supply fleet
- Availability of cars is a problem
- Shortage of refrigerated cars -- especially a seasonal shortage
- Lack of chip cars for Okanagan County on the Cascade & Columbia short-line
- Age of cars is a problem too
- Problem with owning your own cars—dead-heading: would the cars ever come back?
- Who has right-of-way now for abandoned rail?
  - When railroads want right-of-way back, leverage them!
- Rails-to-trails works with railroads, don't abandon the rails

Rail is Important for Local Economic Development

- A "viable" transportation network leads to job retention and job growth
- Enhancements of tourism—helps the state—passenger rail could be a facet of this initiative
- Good rail is important for rural economies and economic development
  - Necessary for health of local communities
- Smaller communities can't make it on their own—need regional railroad centers to serve them
- View rail and transportation as an economic development tool
  - To maintain your community's economic health, rail is a factor

Other Specific Challenges

- Stampede Pass is a challenge
- Depot at Ephrata: why spend money to improve it if it won't be utilized?
- How can Eastern Washington shippers get frozen vegetables to East Coast markets with the current reefer car shortage?
- Lack of steamship service on lower Columbia River—goods are now being trucked over I-90 to Puget Sound. This has hurt Pasco, and southern Washington

2. What are the State's Major Strategic Opportunities for the Rail System Today?

Look Regionally and Locally for Support and Partnerships

- State has to view themselves as part of the Pacific Northwest region
  - Specifically, the State must focus on regional rail capacities
- Create regional yards to feed BNSF and UP large unit trains (at South and East borders in Central Washington, Spokane and Tri-Cities)
- Beware of government intervention in private railroad systems
- State investments in railroads should allow multiple railroad companies to operate on railroad infrastructure
- Potential for backhaul into Washington State
- Potential for states to get together and apply pressure

- Coordination between local governments and the Legislature to improve transit
- Unity is important – within the state, state-to-state (freight and passenger) in work with railroad's and federal government
- Will require a change in the State constitution to have funds directed to private companies
- There are multiple opportunities to work with the railroads

Need to Develop State and National Policies and Investment Strategies

- There is a need for national policy that supports passenger rail and gets projects built
- Need grants and loans from the federal government to improve the railroad system
- The State needs to figure out how to develop short-line railroad businesses to attract public and private capital
- State's role is to approve projects, set criteria to move projects forward
- State should craft guidelines to help devise a national policy
- State policies must encourage competition between the mainline railroads
- Federal government provides money to railroads and the government should establish performance measures for desired service
- The money we are investing in Class 1s—need to get leverage from that money
- Have an interest in rail vacation—for trails
- Pick up vacated right-of-way and then protect it

Encourage Economic Development Washington State

- Need to focus on using Washington state resources to grow Washington state businesses, while addressing national railroad system needs
- Encourage development of a dual access system for Washington State shippers

Address Known Challenges

- Need to fully understand the causes of capacity constraints and which solutions would most effectively address them
- Stampede Pass is a huge challenge and needs to be improved, the State can add capacity there
- Need to look at the RailEx project in Walla Walla—it is a model
  - Put together unit trains, with guaranteed delivery
  - Putting in distribution center in Walla Walla

State Needs a Strategy to Approach and Negotiate with the Class 1 Railroads

- Strategies are needed for getting the railroads to respond, "getting them to the table"
  - Local needs addressed
  - WSDOT perspective, takes years to get projects started
  - Our perspective is they don't care, we have no hope
  - Secretary of Transportation Doug MacDonald has sat down with representatives

Streamlined Permitting

- Streamline environmental impact policy regarding rail project implementation
- State should encourage an expedited permitting process

Alternative Energy

- State's investment in ethanol and biodiesel program is to be applauded—keep it up!
- Ethanol production/distribution is a source of new demand for rail

Rail and the Highway System

- Look at the intermodal system: trucks, highway, railroad
- Business has changed, trucks are in a good place
- Rail is so much more efficient than highway transport
- Have a State spur alongside BNSF rails
- Rail system must be robust to continue to be a key aspect of a viable transportation network
- Need to understand that railroads may go with highway traffic
  - We can't deal with that
- Seems we are going to be more and more dependent on rail

3. Given Trends in Market Demand, Trade and Logistics Technologies—What Issues Should be Considered in Planning for the Future of the State's Rail System?

Growth Locally: Short-lines and Local Access to the Mainline Rail

- Inland (Central Washington) transload center will grow
- Manufacturing and distribution enters will grow in Eastern Washington due to lower wages, cost of energy, water
- Pay attention to the State's short-lines
- Develop a regional railroad hub center to handle intermodal transload business
- We will need more local access—people would use rail if it was economical and available
- Trends identified agriculture production as decreasing
- Question/disagree with that; maybe acres in production is going down--because we are more efficient, but overall production is high
  - Also depends on what Congress will do with the farm bill
- The movement of freight is rising
  - Central distribution, Wal-Mart model is just raising the demand for freight
- Have a lot more traffic with smaller loads
  - Idea: have a staging area in Central Washington for containers
- Both foreign and U.S. customers prefer fresh produce—shelf life of 2-3 days
- An opportunity: connect some of the short-lines
  - Think of a local network connected to the three Class 1s (including Canadian carriers)
- Rising costs of energy and fuel—should be an advantage for rail
  - Environmental community ought to be supportive

Expect Growth, Especially in Asian Markets

- We need to be aware of what's going on in the world, not just here
- There will be an Increase in demand, more, more, more!
  - We have to go to the Port of Seattle to go East to Europe
- Recent Port of Seattle advertisement points to three times growth—Washington is being outflanked
- Backhaul to China—is a potential market
- In 10 years, China will be an importer of food; we will be sending back full containers
- If we don't build the infrastructure now, it will be too late
- See the intermodal facility at the Port of Quincy be successful, should encompass a large amount of traffic
  - Number of projects drawing shippers into the facility.

Growing Port Competition

- Will there be enough total port capacity on West Coast in 10 years?
- If Mexican and Canadian ports grow, will it take pressure off Washington's container ports?

Adapting to the Class 1 Business Model

- Unit trains—hook and haul—that's what the railroads want
  - If you can't force the railroads to pick up small amounts of cars, how do we work within their business model?
- Idea: for states to make front end investments in rail, build double-track back to Chicago and lease the track back to railroads
  - That's the big idea that would make things change

4. What Would Constitute a Successful Outcome for the Rail Study?

Definition of the State's Role

- Clearly articulate the State's role in rail

Establish Goals, Policies and Strategies for Projects and Investments

- Prioritize!
  - Can't keep all the tracks (some don't make sense)
- Devise an efficient multimodal freight strategy
- Develop realistic and obtainable objectives for passenger and freight rail
- Recognize the public benefits and develop State policy that ensures investment in rail
- The Washington State Transportation Commission should develop a funding mechanism for investment in rail
- Include an actionable finance plan
- Include a plan for the long-term viability of short-line railroads
- Include strategies to attract private investment in Washington State's railroad system
- Clarify: is rail on the top or the bottom of the list (when money is tight)?
- Assuming it is in the State's best interest to invest—have a long term business plan to guide investments
- A plan that has definable goals that are prioritized!
- Need to have an implementation plan (that is often lacking in strategic plans)
- Create a viable plan for increased capacity
- Create strategies that establish regional railroad districts
- A bad outcome: greater reliance on trucks

Take a Regional Approach

- To be successful, has to be part of a broader regional and national approach; can't just focus on Washington State
- Go forward partnering with states east of Washington, they share issues and practices
  - North Dakota: projects similar to Quincy
- Governors getting together
- "We come united"

Communicate with the Federal Government and Stakeholders

- Bring it to Senator Patty Murray and other federal legislators
- Getting the groups together—so ports, shippers, rail can come together
  - Just getting a point of contact is a problem!
  - Getting everyone to the table will help

Successful Dealings and Negotiation with the Railroads

- A good outcome: consolidation—the Legislature will support that—bring it to the railroads
- Make BNSF be responsive to all shippers' needs (cost, quality and service)
- Dealing with railroad is a forever thing; time doesn't have a lot of meaning
  - BNSF can kill you with rates. They have all the cards
  - Idea of getting states together is a good idea
- How do we motivate the railroads?
  - Break down what states should do/what feds should do
    - Connect it to a timeline (i.e. by 2008…) so legislators can't sit on it
  - Want to see a transportation system (including rail) that allows crops to go to the market (at a competitive price)
  - Need to get past Chicago to be competitive
  - Identify what the funding options are (we are all unfamiliar with what the funding limitations are)
  - A coalition tying the national, state and locals into a competitive system
- A plan that works for BNSF and Washington for improved service—utilize capacity
- The most important thing: to have railroads planning the same game!
- A map showing all the short-lines united with trackage rights

ATTACHMENT A
REGIONAL LISTENING SESSION INVITATION

Washington State Transportation Commission

INVITATION

State Rail Capacity and System Needs Study
Regional Listening Sessions

You are invited to participate in the Washington State Rail Capacity and System Needs Study sponsored by the Washington Transportation Commission (WTC). Your input is crucial to the development of a successful plan. The WTC is convening five regional listening sessions across Washington to solicit stakeholder input on freight and passenger rail issues and needs.

- What are the most important rail issues in the state right now? What are the most important issues in your community?
- What are the State's major strategic opportunities regarding the rail system?
- The most important thing the State could do for the rail system is…

Please come to the listening session most convenient for you:

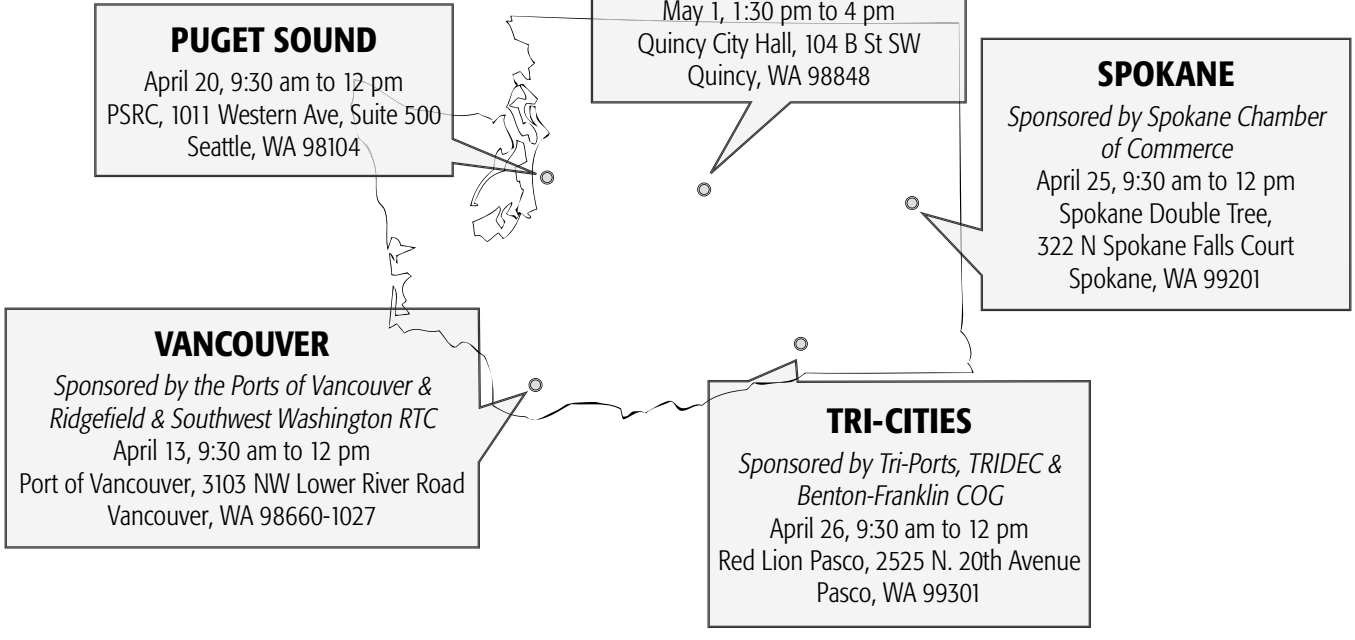
CENTRAL WASHINGTON
Sponsored by Grant County EDC, Ports of Quincy & Moses Lake & Central Washington Alliance for Rail Freight Transportation
May 1, 1:30 pm to 4 pm
Quincy City Hall, 104 B St SW
Quincy, WA 98848

Please **RSVP** to:

WARailStudy@berkandassociates.com
or call Tralee McGinness at 206-324-8760

PUGET SOUND
April 20, 9:30 am to 12 pm
PSRC, 1011 Western Ave, Suite 500
Seattle, WA 98104

SPOKANE
Sponsored by Spokane Chamber of Commerce
April 25, 9:30 am to 12 pm
Spokane Double Tree,
322 N Spokane Falls Court
Spokane, WA 99201



VANCOUVER
Sponsored by the Ports of Vancouver & Ridgefield & Southwest Washington RTC
April 13, 9:30 am to 12 pm
Port of Vancouver, 3103 NW Lower River Road
Vancouver, WA 98660-1027

TRI-CITIES
Sponsored by Tri-Ports, TRIDEC & Benton-Franklin COG
April 26, 9:30 am to 12 pm
Red Lion Pasco, 2525 N. 20th Avenue
Pasco, WA 99301

The WTC is committed to obtaining to your feedback; there will also be updates and opportunities to comment throughout the project. For more information about the Rail Study and for a project schedule please visit: **http://www.wstc.wa.gov/rail/**

Or contact:

Reema Griffith, *Administrator, Washington State Transportation Commission:* 360.705.7070, GriffiR@wstc.wa.gov
Barbara Ivanov, *Director, Freight Strategy and Policy, WSDOT:* IvanovB@wsdot.wa.gov

ATTACHMENT B
REGIONAL LISTENING SESSION AGENDA

WASHINGTON STATE TRANSPORTATION COMMISSION
Statewide Rail Capacity and Needs Study
Regional Listening Session

A G E N D A

Meeting Objectives

- *Share information with stakeholders about the Rail Study's scope, issues and schedule*
- *Obtain broad, inclusive input and perspectives on statewide rail system needs, challenges and opportunities now and in the future*
- *Facilitate dialogue among diverse stakeholders about strategic, institutional, and operational considerations for developing statewide freight and passenger rail policies and investment plans*

30 min. Welcome, Study Purpose and Meeting Objectives

- Welcome — Meeting Host(s)
- Study Purpose, and Opening Remarks — Transportation Commissioner
- Overview of Project Schedule, Today's Meeting Purpose & Goals — Bonnie Berk

5 min. Charge to All for Small Group Discussions — B. Berk

- Process for breaking into discussion groups
- Review discussion questions and reporting out process

60 min. Group Discussion of Key Questions

1. **What are the most important rail issues and challenges in the State right now?**
   A. For the Class 1 freight rail system
   B. For the short-line rail system
   C. For the state's passenger rail system
2. **What are the State's major strategic opportunities for the rail system today?**
3. **Given trends in market demand, trade and logistics technologies – what issues should be considered in planning for the future of the State's rail system?**
4. **What would constitute a successful outcome for the Rail Study?**
5. **Summary: What are the key, most important issues your group identified?**

10 min. Break

35 min. Reporting Out to the Full Group, Table by Table

- Q & A

10 min. Summary of the Meeting and Next Steps

Adjourn

ATTACHMENT C
REGIONAL LISTENING SESSION ATTENDEES BY SESSION

WASHINGTON STATE TRANSPORTATION COMMISSION
STATEWIDE RAIL CAPACITY AND NEEDS STUDY

Appendix C:
Regional Listening Session Attendees by Session

This document lists the attendees at each Regional Listening Session. In total, 285 stakeholders participated; 13 attended two meetings or more. Attendance at each meeting, not including consultant project staff and Washington State Transportation Commissioners, was: Vancouver, 62; Puget Sound, 75; Spokane, 61; Tri-Cities, 60; and Central Washington, 44.

VANCOUVER: APRIL 13, 2006

Deron Amans, Burlington Northern Santa Fe
Gina Bacon, Greater Vancouver Chamber of Commerce
Marc Boldt, Washington State Department of Transportation
Katy Brooks, Port of Vancouver
Mike Brower, Federal Highway Administration, Washington State Division
Gary Cardwell, Northwest Container Services, Inc
Cager Claybaugh, Clark-Skamania West Klikitat Labor Council & Longshoreman at Port of Vancouver
Mike Cowles, HNTB Corporation
George Cress, Port of Longview
Mark Daniels, Federal Railroad Administration
Representative Jim Dunn, 17th Legislative District
Paul Edgar
Lisa Edwards, Workforce Development & Continuing Education, Clark College
Rebecca Eisminger
Vicki Elliot, Washington Utilities & Transportation Commission
Randy Fischer, Port of Portland
Lloyd Flem, Washington Association of Rail Passengers
John Fratt
Greg Gilmore, NORPAC Foods, Inc.
Brent Grening, Port of Ridgefield
Mike Groesch, Senate Transportation Committee
Greg Guthrie, Burlington Northern Santa Fe
Lori Halstead, Washington Utilities & Transportation Commission
Steve Harvey, Cowlitz-Wahkiakum Council of Governments
Dana Hook, HNTB Corporation
Zarchary Horowitz, Portland State University
Ed Immel, HDR, Inc.
Steven Ince, Washington State Rail Labor Coalition
Jim Jacks, Office of Governor Gregoire
Addison Jacobs, Port of Vancouver

Andrew Johnsen, Burlington Northern Santa Fe
Christopher W. Keuss, Port of Edmonds
William Knowles, Washington State Rail Labor Coalition
Rod Lakey, Lewis County
Jordan Larner, Port of Ridgefield
Don Lemmons, Interstate Wood Products
Dean Lookingbill, Southwest Washington Regional Transportation Council
Ed Lynch
Mike Maloney, Clark College
Mac McCulloch
Ed McCullough, Port of Grays Harbor
John McKee, Clark College
John McKibbin, Greater Vancouver Chamber of Commerce
Ginger Metcalf, Identity Clark County
Steve Metz, David Evans & Associates
Tom Mielke, former Washington State Representative, 18th District
Phillip Parker
Larry Paulson, Port of Vancouver
Larry Pursley, Washington Trucking Association
Tom Retterath, United Transportation Union
Mark Ricci, Washington State Rail Labor Coalition
Fred Rider, Chehalis
David Ripp, Port of Woodland
Mike Schiller, Port of Vancouver
Steve Schulte, Clark County
Kelly Sills, Clark County
Jon Tinker, Burlington Northern Santa Fe
Scot Walstra
Brian Winningham, BST Associates
Rex Wong, Washington State Department of Transportation
Sharon Wylie, Clark County
Greg Zanavich, Tidewater Holdings, Inc.

PUGET SOUND: APRIL 20, 2006

Bruce Agnew, Discovery Institute
Tony Alleman, National Frozen Foods Corporation
Deron Amans, Burlington Northern Santa Fe
Will Amaya, Brotherhood of Locomotive Engineers & Trainmen
John K. Anderson, Puget Sound Clean Air Agency
Gary Armstrong, City of Eatonville
Sheila Babb, Office of U.S. Senator Patty Murray
Peter Beaulieu, Puget Sound Regional Council
Teresa Berntsen, Washington State Legislature
Nick Bond, City of Eatonville
Ron Borowski, Seattle Department of Transportation

Jailyn Brown, Thurston Regional Planning Council
Todd Carlson, Washington State Department of Transportation
Deborah Chase, HDR, Inc.
Harvey Childs, House Transportation Committee
Lynn Claudon, Spirit of Washington Dinner Train
Wayne Cottrell, WestFarm Foods
Laurie Creech, Simpson Investment Company
Mic Dinsmore, Port of Seattle
Larry Ehl, Washington State Department of Transportation
Kelly Evans, Spirit of Washington Dinner Train
Representative Dennis Flannigan, 27th Legislative District
Kirk Fredrickson, Washington State Department of Transportation
Gary Gieser, MacMillan-Piper, Inc.
Wayne Harner, Port of Tacoma
Shakti Hawkins, Office of U.S. Senator Maria Cantwell
Bob Hendrick, Washington Association of Rail Passengers
Ronald Hildebrandt, Trident Seafoods
Steven Ince, Washington State Rail Labor Coalition
Pat Jones, Washington Public Ports Association
John Karl, Burlington Northern Santa Fe
Steve King, Washington Utilities & Transportation Commission
Paul Krauss, City of Auburn
Doug Levy, Outcomes by Levy
Jim Longley, Nisqually Tribe
Gordon MacLean, Marine Exchange of Puget Sound
Mac McCulloch
Ken Miller
Marty Minkoff, Sound Transit
Manny Montenero, Union Pacific Railroad
SR Moran, Moran Consulting
Steve Murray, Railcar Management, Inc.
John Naylor, SCS Refrigerated Services LLC
Tom Noyes, Washington State Department of Transportation
Dory On, Staff, Senate Transportation Committee
Jim Petersen, Nucor Steel Seattle, Inc.
Dan Pike, Skagit Council of Governments
Geri Poor, Port of Seattle
Ron Poulson, HDR, Inc.
Randy Ray, Marine Exchange of Puget Sound
Mark Ricci, Washington State Rail Labor Coalition
Shawn Robinson, ILWU #19
Jennifer Ryan, Sound Transit
Roche Scheuerman, Washington Association of Rail Passengers
Art Scheunemann, Northwest Container Services, Inc
Steven P. Schneider, U.S. Army
Steve Sewell, Parsons Brinckerhoff

Steven Shanafelt, City of Tacoma
Eric Shelby, Sierra Pacific
Tom Stacey, Washington State Department of Transportation
Steve Stivala, Intermodal Conference of Washington Trucking Association
Chris Storey, City of Tacoma
Eric Temple, Columbia Basin Railroad
Roger Thordarson, City of Auburn
Tom Till, Discovery Institute
Tony Trifiletti, Washington Association of Rail Passengers
Guy Vinette
Joe Welsh, City of Auburn
Steve Wilhelm, Puget Sound Business Journal
Brian Winningham, BST Associates
Christine Wolf, Port of Seattle
Todd Woosley, Hal Woosley Properties
Vicky Yund, Customs & Border Protection
Mike Zachary, Port of Tacoma

SPOKANE: APRIL 25, 2006

Albert E. Anderson, Port of Moses Lake
John Anderson, Ritzville Warehouse Co.
Joseph Backholm, Senate Republican Caucus
Keith Bailey, Odessa Union Warehouse Cooperative
Senator Brad Benson, 6th Legislative District
Karen Bonaudi, Washington State Potato Commission
Dan Boone, Port of Whitman County Commissioner
Gretchen Borck, Washington Association of Wheat Growers
Lucas Braden, Spokane Chamber of Commerce
Clark Capwell, McGregor Co.
Pat Cunningham, Spokane Terminal
Rick Degman, Kettle Falls International Railway
Steve Donovan, Spokane Terminal
Bob Downing, Washington Association of Rail Passengers
Kelly Driver, Port of Pend Oreille
Matthew Ewers
Dan Ewers, Inland Empire Distribution Systems, Inc
Tracy Ferrell, Northeast Washington RTPO
Jared Gooch, Union Pacific
Bob Gronholz, Port of Whitman County
Howard Growger, Port of Seattle
Michael Gruenke, Burlington Northern Santa Fe
Ben Halvorson, Office of U.S. Senator Maria Cantwell
Steve Harris, Spokane County
Scott Hendrick, LaFarge North America
Rob Holton, Washington State Rail Labor Coalition

Ron Jirava, Washington Association of Wheat Growers
Andrew Johnsen, Burlington Northern Santa Fe
Charlene Kay, Washington State Department of Transportation
Ross Kelley, Spokane County
Shannon Kelly, Office of U.S. Congresswoman Cathy McMorris
Stan Key, Spokane Area EDC
Tom Lieu, Airway Heights
John Love, Port of Whitman County
Catherine Martin, Rail America
Debbie McGourin, Washington Association of Wheat Growers
Art Mell
Richard Mize, BLET L/C, Div. 104 & BNSF Locomotive Engineer
Jim Moore, Union Pacific Railroad
Tedd Nealey, Legislative Candidate
Judy Olson, Office of U.S. Senator Patty Murray
Dory On, Staff, Senate Transportation Committee
Mark Ricci, Washington State Rail Labor Coalition
Russell Rickett, City of Oakesdale
Mark Rohwer, Washington State Department of Transportation
Chris Rose, Washington Utilities & Transportation Commission
Representative Lynn Schindler, 4th Legislative District
Senator Mark Schoesler, 9th Legislative District
Robert Schollenberger, Burlington Northern Santa Fe
Paul Scott, Washington Association of Rail Passengers
Bob Shonklin, Port of Pend Oreille
John Spetman, Union Pacific
Glenn Squires, Washington Wheat Commission
Chuck Stocker, Inland Power & Freight
Joe Tortorelli, Economic Development Northwest
Paul Weber, HDR, Inc.
Diana Wilhite, City of Spokane Valley
Buck Workman, Cascade & Columbia River Railroad
Mark Workman, City of Pullman

TRI-CITIES: APRIL 26, 2006

Frank Brock, Franklin County Commissioner
Craig Baldwin, Port of Moses Lake
Del Ballard, B Reactor Museum
Peter Beaudry, City of Kennewick
Fred Bierwagen, Wilbur Ellis Co.
Leo Bowman, Benton County
Russ Burtner, City of Kennewick
Debra Casey, Office of U.S. Congresswoman Cathy McMorris
Robert Collins, Port of Tacoma
Mike Connors, Basin Gold

Neva Corkrum, Franklin County Commissioner
John Cranor, Northwest Grain Growers
Michelle Damon, JR Simplot
John Darrington, City of Richland
Bob Desgrosellier, City of Yakima
Paul Didelius, Frontier Rail Corp.
Steve Dilley, Harms Pacific Transport, Inc.
Ross Dunfee, Benton County
Mike Elliot, Washington State Rail Labor Coalition
Paul Gerola, Port of Walla Walla
Sam Good, Port of Pasco
John Haakenson, Port of Benton
Steve Hailey, Hailey Co.
Representative Larry Haler, 8th Legislative District
John Hardy, United Transportation Union
Cathy Hargroves, Tree Top, Inc.
Wayne Harner, Port of Tacoma
Representative Shirley Hawkins, 8th Legislative District
Randy Hayden, Port of Pasco
John Hood
Jack A. Houston, Washington State Good Roads & Transportation Association
Mary Hunt, Douglas County
Rod Johnson, Cement Distributors, Inc.
Charles Johnson, Tree Top, Inc.
Bob Koch, Franklin County Commissioner
Mark Kushner, Benton-Franklin Council of Governments
Barb Lisk, Office of U.S. Congressman Doc Hastings
Senator Joyce Mulliken, 13th Legislative District
Louis Musso, Transcascades Consul & Washington Association of Rail Passengers
Ken Nelson, City of Kennewick
Mitchell Newell, United Transportation Union
Don Newton, JR Simplot
John Olson, Port of Kennewick
Juanita Olson, SDS Lumber Company
Jon Olson, Tri-City & Olympia Railroad Company
Dory On, Staff, Senate Transportation Committee
Robin Parry, Great Salt Lake Minerals Corp.
Larry Peterson, Port of Kennewick
Bryson Pomeroy, NW Container Service
Bill Preston, Washington State Department of Transportation
Mark Ricci, Washington State Rail Labor Coalition
Mike Rowswell, Washington State Department of Transportation
David Samples, Tri-City & Olympia Railroad Company
Dean Smith, Burlington Northern Santa Fe
Jeff Sommerville, Washington State Department of Transportation
Tom Stephenson, Inland Empire Distribution Systems, Inc.

Hal Thomas, City of Walla Walla
Jim Toomey, Port of Pasco
Gene Wagner, Port of Kennewick
Dave Zabell, City of Yakima

NORTH CENTRAL WASHINGTON: MAY 1, 2006

Gerry Ailts, Eagle Group
Chuck Allen, Quincy Valley Post Register
Albert E. Anderson, Port of Moses Lake
Curt Andrews, City of Othello
Joseph Backholm, Senate Republican Caucus
Craig Baldwin, Port of Moses Lake
Mike Begnaud, Rail Logistics
Shawn Bills, Office of U.S. Senator Patty Murray
Pat Boss, Port of Quincy
Chris Branch, City of Oreville
Terry Brewer, Grant County Economic Development Council
Patric Connelly, Port of Quincy
David Duvall, Office of Representative Janea Holmquist, 13th Legislative District
Rob Eaton, City of Leavenworth
Gary Ekstedt, Yakima County Public Services
Tom Grebb, Central Bean Co.
Lane Gunther, NW Container Services
John Hood, Consultant
Eric Hurlburt, Washington State Department of Agriculture
Brian Kuest, Port of Quincy
Andrew Lampe, Okanogan County
Barb Lisk, Office of U.S. Congressman Doc Hastings
Russ Lytle, Columbia Colstor Inc.
Andrea Mann, Big Bend Resource Conservation and Development Council
Tim Marshall, Columbia Basin Railroad
Kent McHenry, Yakima County Public Services
Scott McKinnie, Far West Agribusiness Association
Matt Melburn, Quincy Foods
Bruce Miller, Quincy Foods
Deborah Moore, Grant County
Curt Morris, Port of Quincy
James Neal, Washington Association of Rail Passengers
Nick Parker, Port of Quincy
Bill Preston, Washington State Department of Transportation
Joe Rogers, Trail Planning Team
Mike Rowswell, Washington State Department of Transportation
Art Scheunemann, Northwest Container Services, Inc
Page Scott, Yakima Valley Conference of Governments
Donald Senn, Washington State Department of Transportation

Carol Simpson, Crites-Mosco Growers
Brig Temple, Columbia Basin Railroad
Mike Walker, Eagle Group
Jeff Wilkens, North Central RTPO
Mike Wren, Port of Ephrata

ATTACHMENT D
SUBMITTED WRITTEN COMMENTS

To: Rail Study
120 Lakeside Ave., Suite 200
Seattle, Washington 98122

April 22, 2006

From: Robert N. Hettrick
10403 8th Dr., S. E.
Everett, Washington 98208

Robert N. Hettrick

Subject: Comments on Listening Session, April 20, 2006

As a participant in the session, I very much agree with the comment from one group: recommendations should be bold. The consensus seemed to be that more capacity is needed everywhere. Following are some of my more specific comments. I was there representing the Washington Association of Rail Passengers, but these are my personal comments, not those of the organization.

1. **Effect of Increasing Fuel Costs:**
   As I commented in my group, the recommendations from the study should take into consideration the effect of continuing increases in fuel costs. Rail is the most fuel efficient mode of transportation. Increasing fuel costs will make rail more competive, further increasing the need for rail capacity, and decreasing the need for highway capacity. Rising fuel costs also will increase the demand for housing close to the city centers, competing with industry for space, and for commuter rail service from the suburbs. As rising fuel prices increase the cost of air travel, there will be more demand for intrastate intercity rail passenger services to such places as Spokane, Wenatchee, Yakima and Pasco. The recommendations might be based on serveral scenarios; e.g.: $80., $90. and $100. per barrel oil.

2. **Conditions for State Aid:**
   Not being a lawyer, I am confused by the comment that the state constitution prohibits direct aid to railroad companies because it forbids expenditures that benefit private individuals. It seems to me that all highway expenditures are for the benefit of various private individuals, and thus would be prohibited. Whatever aid the state provides should have strings attached with penalties for failure; e.g.: run passenger trains on time; do not discriminate against intrastate shippers for the benefit of longer haul interstate shippers.

3. **Building and Leasing Facilities:**
In response to my suggestion that the state could build facilities and lease them to operating companies, there was a comment that this might be at less than their market value. I see no reason why this should be so. Of course the best thing would be to build facilities for which there would be competitive bidding; e.g.: take over from the BNSF the remaining segments of the old Northern Pacific line between Renton and Sumas, and rebuild it to modern freight standards. Candidates for bidding on this facility in addition to the BNSF would be the Union Pacific, the Canadian National, Canadian Pacific and possibly Tocoma Rail. Another possibility would be the rebuilding of the Milwaukee Road from Renton to Rosalia, with candidates for leasing it being the BNSF, the Union Pacific, the Palouse River and Coulee City, and via a trackage rights connection, the Montana Rail Link.

Where there is not a possibility of competitive bidding (e.g.: a lower level tunnel under Stampede Pass), the lessee should still return to the state the full amount necessary to pay the interest and retire the bonded indebtedness incurred. The advantage to the lessee is that financing would be at the municipal bond rate rather than the private industry rate.

4. **Environmental Mitigation:**
Environmental mitigation was mentioned as a requirement. It seems to me that benefits of reducing pollutants from highway traffic also should be taken into consideration. It is my understanding that approximately 50% of greenhouse gas emissions come from automobiles. Thus, if automobile traffic could be reduced by 20%, greenhouse gas emissions would be reduced by 10%.

5. **Specific Trouble Spot:**
A place where there is need for combined state, city and private action is south of King Street Station to beyond Spokane Street. The main tracks should be moved east of the passenger maintnenance base, eliminating the interference between freight and the movements of Sound Transit and Amtrak between the station and the maintenance base. Elimination of grade crossings at Royal Brougham, Holgate, Landers, Spokane and other strets would improve safety and expedite the movement of freight and passenger trains. A truck only (toll?) connection from I 90 to the harbor area would eliminate interference between truck traffic and automobile traffic, particularly at game times at QWest and Safeco fields.

Washington Transportation Commission
State Rail Study
Puget Sound Regional Council Listening Session Comments
APRIL 20, 2006

What are the most important rail issues right now?

1. **Clarify and support the mixed freight rail needs and passenger rail proposals for the near and long term.** The previous consensus assumption was that freight train activity would only double over the next 50 years. This projection is in question (40 percent increase in marine container traffic for 2002-05). Another new factor is possible surge loadings from the overlaid military deployment needs through Fort Lewis.

    - What will it take to provide a durable strategy for shared track use in central Puget Sound into the long-term future?
    - Secure agreement with the railroads regarding short-term actions suggested in the *Rail Capacity Study* (WPPA/WSDOT, 2004). Short-term capital investment actions were identified in 2004 as work the Duwamish Corridor, off-mainline access to the Puget Sound Ports (e.g., Tacoma area track sharing), and curve realignments in Everett area.

2. **Increase east-west rail capacity.** Work with the two class I railroads to verify, sequence and then begin solution building for long-term and interrelated mainline bottlenecks expected in our state and region by 2009-2012.

    - The 2004 *Rail Capacity Study* (WPPA/WSDOT) identified but did not rank: Stampede Pass, Point Defiance Bypass, Bayside, Vancouver Bypass, Vancouver third track, Columbia Gorge, and train direction coordination). Coordinate with our neighboring state Oregon on the strategic ranking and timing of solutions to the shared Columbia River crossing.
    - Respond to the possible BNSF/UP track sharing ("co-production") agreement for the Port of Tacoma area, and possibly link this action to other track sharing proposals (identified near term for the Tri-City area, longer-term for the Columbia River Gorge).
    - The state strategy must find a way to respect the BNSF concern that rail solutions should not be disadvantaged in terms of the public financing for competing trucks on roadways, and the UP accent that public support for rail solutions should not advantage one railroad over the other.
    - Within corridors, consider bundling multiple routes with complementary uses to improve overall efficiency (e.g. between Olympia and Tacoma the Pt. Defiance BNSF tracks could be prioritized for freight while passenger rail is prioritized on Sound Transit's Lakewood line).
    - The Regional Council's Rail Corridor Study evaluating potential joint uses within the currently active BNSF Woodinville Subdivision (along the east side of Lake Washington) is expected to be completed at the same time as the state *Rail Study*, by the end of 2006.

Additional FAST Corridor Partnership comment:

The FAST Corridor Partnership demonstrates an ongoing and shared strategy of system overview combined with successful project completions by individual sponsors.

- The FAST Corridor Partnership is a **collaborative implementation strategy** (1996 –). (FAST: Freight Action Strategy for the Everett, Seattle Tacoma Corridor.)

- **Membership:** Under a Memorandum of Understanding renewed in 2002, the FAST Partnership consists of the PSRC (Administrator), WSDOT, 3 ports, 12 cities and 3 counties, Class I railroads, and the Washington Trucking Association. Other participants are the state Freight Mobility Strategic Investment Board, the Transportation Improvement Board, and the Federal Highway Administration.

- **Nine projects completed** at a shared cost of $568 million.

- **Need** continued collaboration and a combined total of $300 million from partnered sources to complete the remaining 16 projects.

- **Works with** the public-private Regional Freight Mobility Roundtable.

Recommendation: Support project-level partnerships between the private railroads and public agencies below the state level (ports, cities, counties, special districts) to ensure that FAST Corridor projects are completed and that future partnership projects are possible.

3103 N.W. Lower River Road, Vancouver, WA 98660 ◆ (360) 693-3611 ◆ Fax (360) 735-1565 ◆ www.PortVanUSA.com

PORT OF VANCOUVER USA

April 13, 2006

Dan O'Neal, Chair and Team Lead
Washington State Rail Capacity and System Needs Study Committee
Washington Transportation Commission
PO Box 47308
Olympia, WA 98504-7308

Dear Chair O'Neal:

Thank you for the opportunity to comment on the Washington State Rail Capacity and System Needs Study.

The Port of Vancouver USA creates 5,500 jobs and generates $30 million in tax revenue for the southwest Washington community. We recently completed a rail analysis that indicates an immediate need to improve rail service to our port and to the BNSF rail system mainline immediately adjacent to us. This analysis tracks with the Marine Cargo Forecast and Rail Capacity Study done by the Washington Public Ports Association and the Washington Department of Transportation in 2004. Our West Vancouver Freight Access project addresses necessary new access to and from the rail mainline and the port and provides considerable improvement to a system chokepoint at the Vancouver Wye (intersection of the north/south mainline – Canada to Mexico - and the east/west mainline through the Columbia River Gorge).

With this in mind we are keenly aware of rail service needs in the state, particularly in areas where system capacity is affected. We offer the following responses to the questions posed in the study's Regional Listening Sessions:

What are the most important rail issues and challenges for the State right now?
The 2004 Washington Public Ports Association Marine Cargo Forecast and Rail Capacity Study predicted significant growth in international trade for State of Washington over the next 20 years and illuminated the associated rail system impacts related to that growth. Current numbers confirm this trend and indicate that the growth is actually occurring more rapidly than was originally suggested in the reports.

Our ability as a state -- our ability as a public port -- to accommodate this growth depends on a good freight rail system that has the system capacity, the operational velocity, and system-wide service levels to capture the trade at market competitive rates. At the Port of Vancouver 72% of our current cargo is transported by rail. This ratio is expected to increase to around 80% by 2025 (based on the Rail Capacity Study and marketing studies done for the Port of Vancouver). Rail system capacity and efficiencies are critical for our tenants to meet market demands for rapid through-put, to capture a share of the growing global trade markets, and to offer competitive pricing in a highly competitive world marketplace.

What are the State's major strategic opportunities regarding the rail system?
We believe a system-wide approach to improvements with targeted funding for key chokepoints is the State's highest priority. The following projects and chokepoints should receive highest strategic priority:

- Vancouver Bypass Project (WSDOT) – currently with two funded phases, this project will provide improved capacity and velocity through the Vancouver BNSF rail yard for north to east bound traffic. It is critical to maintaining current levels of service in and through the Vancouver yard.
- West Vancouver Freight Access Project (Port of Vancouver/City of Vancouver) – new rail access to the Port of Vancouver from the BNSF mainline, removing an at grade crossing chokepoint at the Vancouver Wye. This project, when complete, will reduce Port and mainline rail delays by 40% at the Wye (based on rail modeling studies done by the Port in conjunction with BNSF).
- Columbia River Gorge – improvements to sidings and capacity are needed to maintain current service levels and to accommodate projected cargo growth.
- Point Defiance – current project will improve flow and capacity for north/south mainline rail traffic.
- Kelso/Martins Bluff – improvements to improve flow and capacity for north/south mainline rail traffic.
- Stampede Pass – improvements to tunnels and sidings are necessary to allow for increased traffic and double-stacked container trains.
- Stevens Pass – additional capacity is needed to accommodate increased cargos and system needs.

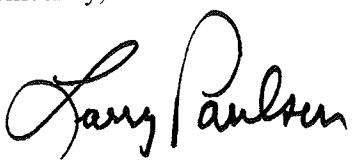
The most important thing the State could do for the rail system is…
Washington State's focus must be on system capacity. The study results should also address Governor Gregoire's Global Competitiveness Council recommendations on rail, including supporting growth in rail capacity and port-rail connections, preserving rail right-of-way and participating in public-private partnerships that can expand rail capacity. These recommendations provide a benchmark for rail project priorities.

Additionally, the State must 1) encourage coordination between the railroads (Union Pacific and BNSF) to achieve needed system improvements, 2) streamline and expedite permit processes for key rail projects, and 3) aggressively advocate for rail system programs and funding at the federal level.

Finally, innovative and diverse funding sources/options must be explored including all forms of public/private partnerships, user fees, tolling, and taxes. With limited funds for costly projects, Washington State needs to be creative and aggressive in securing funding for projects we need to remain competitive in the world market.

What would constitute a successful outcome for the Rail Study?
We believe a successful outcome includes a list of priority projects with the greatest weight on system improvements, rail access improvements, and a structure for funding rail projects in Washington State. The study should summarize the role of rail freight to the State's transportation network, and address operation practices, policy options and rail asset management.

Sincerely,



Lawrance Paulson
Executive Director

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CITY OF RENTON

Mayor
Kathy Keolker

Transportation Commission
APR 27 2006
RECEIVED

April 24, 2006

Washington State Transportation Commission
P.O. Box 47308
Olympia, WA 98504-7308

Subject: Regional Testimony on Draft Rail Capacity and Systems Needs Study

Dear Commission Chair O'Neal and fellow Commissioners:

The City of Renton was unable to have a representative at the April 20, 2006, session being held at PSRC in Seattle to receive feedback on the Transportation Commission's Rail Study. However, the City of Renton would like to provide some brief input on this subject.

The City of Renton has a number of significant rail corridors—BNSF and UPRR. These corridors serve important freight needs and also important passenger services provided by Amtrak as well as Sound Transit. The City feels that rail infrastructure needs are crucial for the region, particularly as roads reach their capacity to handle people and goods. Future rail plans must be coordinated with the region's economic strategy and transportation plans. The City of Renton believes that future infrastructure plans must support the needs of stakeholders like The Boeing Company and other businesses that depend on rail as a key link for their transportation needs.

Sincerely,

Kathy Keolker

Kathy Keolker
Mayor

cc: City Councilmembers
Jay Covington, Chief Administrative Officer
Gregg Zimmerman, Planning/Building/Public Works Administrator
Alex Pietsch, Economic Development Administrator
Peter Hahn, Deputy Administrator – Transportation

Statement by
Washington State Potato Commission
and
Washington Perishable Shippers Cooperative Association

for the
Washington Transportation Commission's

State Rail Capacity and System Needs Study

April 2006

A. Identity of the Washington State Potato Commission (WSPC) and the Washington Perishable Shippers Cooperative Association [WPSCA]

Established by the growers in 1956, the Washington State Potato Commission (WSPC) represents Washington's approximately 300 potato growers. Potatoes are the second largest crop grown in the State with an annual farm production value of nearly $500 million. Approximately 87 percent of the Washington potato crop is grown for processing—frozen, dehydrated and chips—while the remaining 13 percent is sold as fresh table stock. Besides supplying national domestic markets, Washington State is the top exporter of potatoes (including both processed and fresh) in the US, accounting for nearly one-third of all US potato exports.

The Washington State potato industry grows between 160-175,000 acres of potatoes each year. Overall, Washington State potato growers, packers and processors create thousands of jobs locally in Washington State and generate approximately $3 billion annually to Washington State's economy.

WPSCA is a Washington corporation whose members ship fresh potatoes and dry onions by railroad. Our shipments require temperature control and therefore utilize only refrigerated railcars to maintain a constant temperature during transit. Membership is composed of 25 packing companies in eastern and western Washington. Our rail volumes have declined from the 2300-2400 carloads per year 20 years ago to 400-500 carloads per year today. This decline is attributed primarily to railroad capacity and commitment.

The fresh market crop grown in the 2004-2005 season would have required about 8500 railcar loads if moved exclusively by railroad. We actually loaded about 500 railcars. The balance was shipped primarily by truckload [about 2.75 truckloads is equal to one rail carload]. Statistics for dry onions are not maintained.

Washington potato and onion shippers will load many more railcars if they are available and if railroad service is consistent. Rail transportation is particularly important to us because of our distance to market compared to other growing and producing areas in the country. Given the increases in fuel charges and shortage of truck drivers, railroad transportation rates/costs per mile have been lower than other available transportation modes, making it a preference for many customers. Also, because of our distance to market, our higher transportation costs must be offset by lower product costs to maintain a market-competitive position. Rail shipping helps our price competitiveness.

B. Railroad Capacity Issues and Needs

Our capacity needs are threefold: the number of railcars available, the volume of railcars handled in the rail yards and passing trackage.

Our railroad selection options are limited. All but one Washington rail-served potato packing company are dependent on the BNSF Railway for car supply. BNSF Railway has indicated that they have no intention to add to their refrigerated car fleet, which today numbers about 1800 cars; they indicate this will decline to about 1100 by year 2010. This car fleet must be shared by all customers with temperature controlled shipments within their 26,000 mile, 27 state and two Canadian province service network.

Because of the relative few refrigerated cars available, only the very largest packing companies and very largest potato buyers can gamble on using railroad transportation. The gamble deals primarily in knowing when a railcar will be provided. The BNSF requires 7 days advance notice when ordering a car, and there are no guarantees that a car will be provided on the day for which it is ordered. Therefore, packing potatoes or onions for a carload order for a car that may not materialize involves risk by the packer that he may get caught with inventory packed for a particular customer but no way to transport it. Most produce is sold on a “subject to condition upon arrival” basis, so the shipper also bears the risk of product deterioration through to delivery. The buyer equally gambles that his order will be delivered when expected, so that he does not run out of inventory. Because of the growing inconsistency of car supply, fewer and fewer shippers/buyers are accepting and depending on railroad service.

Yard capacity is also a big issue directly affecting our use of railroads. As an example, service affecting the BNSF Railway’s Pasco yard has greatly affected our use of railroad service. Industry switching has become sporadic and inconsistent. Switching used to be five days per week, and a shipper could usually depend on the time of day this would occur. Today’s industry switching is once or twice per week, and the time of day is erratic.

Yard congestion makes it equally difficult for empty cars to be available for switching to loading locations and for loads to be assembled for timely train

departures. This often causes 2-5 day delays. Both contribute to unacceptable service consistency. This past season, no more than 25 percent of our car orders were filled on the day requested. Yard congestion at other locations also affects the timely movement of empties to be loaded and loads being delivered to customers.

We have been given various explanations for this type of problem.

1. Record railroad volumes.
2. Moving yard congestion problems from the Seattle/Tacoma ports inland.
3. Maintenance of way closures and delays.
4. Early retirements and lack of trained crew members
5. Lack of locomotive power.

Because the problems have existed for so long, we believe it must be a combination of these factors as well as a commitment issue by the BNSF Railway.

Our third and lowest level problem is trackage and double/triple track availability. Within Washington we do depend on empty refrigerated cars being moved from the west to the east, so we are somewhat impacted by the Stevens Pass tunnel and Columbia Gorge single track. This limited capacity in other areas of the country also impacts our use of the railroads. Improvements would help the consistency of service and increase our rail dependence.

C. Commitment and Attitude

Although the railroads are private, for-profit businesses, they should have a higher obligation and commitment to customers than a normal private business. They have been given a national franchise with little competition for the movement of many commodities. Basically, they are allowed the unrestricted ability to set rates, service criteria and capacity levels. Our shippers saw an increase of 22 percent in 2003, about 8 percent in 2004, followed by a 10-30 percent increase (depending upon destination) on July 1, 2005. These unprecedented rate increases occurred while service standards declined.

Mainlines have the authority to decide what business they want, what cars they will provide, the timing of any and all services they provide, and they dictate the rules for these services. The railroads' role in the economic viability of many businesses is much more critical than other transportation modes; they have for example no rail-to-rail competition in the case of potato and onion shippers in Washington.

Washington is not alone in this. Imported cargo of consumer goods entering the country from Asia receives first rate rail service and preferential pricing, bringing the railroads unprecedented profits. Meanwhile, the mainlines are abandoning

inland load points, forcing agriculture shippers to use long-haul trucks or short-haul commodities to the few locations where the railroads will still accept cargo.

Given their protected status, the railroads' obligations should extend beyond what is good for owners and stockholders. They should be required to provide fast and efficient rail service not just for the large volume customers, but to the smaller users within the State that contribute to a sound economic climate and provide jobs and economic security for its citizens.

D. Recommendations

1. Provide a public annual or semi-annual report card to the railroads within Washington which grades the service they provide to the State's shippers.

2. Create incentives that reward railroads for investment and expansion of their systems.

3. Support policies that encourage private investment in rail capacity, such as private railcars and competition by independent rail companies.

4. Urge the Governor to lead other states in pressuring Congress to:
   Pass or otherwise institute tenets of the Rail Competition Act of 2005;
   Require increased diligence by the Surface Transportation Board;
   Reassess the Staggers Act of 1980, which deregulated the railroads and allowed the mergers which have eliminated competition and created the current situation.

5. Continue the State's support of the Washington Produce Railcar Pool and other innovative programs.

Prepared and submitted by

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ATTACHMENT E
COMMENTS SUBMITTED VIA THE PROJECT WEBSITE

WASHINGTON STATE TRANSPORTATION COMMISSION
STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY

Regional Listening Sessions Summary
Comments Submitted via the Project Website

From: Curt Andrews, City of Othello

What are the most important rail issues in the state right now?

Make a long term plan of the northwests shortline system. Abandoning some, and relaying others so eventually they connect (or have trackage rights) so the shortlines of state can provide our own intrastate rail system.

What are the most important issues in your community?

What are the State's major strategic opportunities regarding the rail system?

When we give the railroads something, we get cooperation in return.

The most important thing the State could do for the rail system is:

Plan for the future when the class ones have no interest in local shipping, and infact will be doing all they can to discourge anything but long haul unit trains.

From: Paul Beatty

What are the most important rail issues in the state right now?

Track capacity.

What are the most important issues in your community?

No grade separated mass transit.

What are the State's major strategic opportunities regarding the rail system?

Use of Stampede Pass for daylight passenger operations to Ellensurg, Yakima, Tri Cities, Spokane.

The most important thing the State could do for the rail system is:

Help fund east-west track improvements.

From: Richard Mize, BNSF/BLET Locomotive Engineer

What are the most important rail issues in the state right now?

Grade Crossings, Train Whistles, Fatigued Crews, Shortline service to customers not effective, loss of jobs create loss of taxes.

What are the most important issues in your community?

Horns, Trains on Crossings or going to slow by crossings.

What are the State's major strategic opportunities regarding the rail system?

Lite rail systems through out the state. more structures for going over or under tracks to get the grade crossings off of tracks.

The most important thing the State could do for the rail system is:

Help protect grade crossings. Rail security from trespassers.

From: Steve Henning, Partner, Henning Farms, Joint Venture

What are the most important rail issues in the state right now?

The preservation and efficient opperation of the PV hooper, P&L, and CW rail line systems.

What are the most important issues in your community?

An affordable and reliable transportation option for small grain and fertilizer products.

What are the State's major strategic opportunities regarding the rail system?

1)Savings on road repair and trafic congestion by transporting PNW products to it's delivery point by rail. (2) A healthy rail system will attract new ventures like Ethonal and Bio-Diesel production to Washington. It will offer them a cheap way to transport the finished product to it's destination.

The most important thing the State could do for the rail system is:

Speed up rehibilitation of the lines to class 2.(peak efficiency) obtain ALL opperating rights of all the lines, then offer it to interested opperators on a bid contract with a lease awarded to the best applicant. It will keep all parties honest!