

WASHINGTON STATE TRANSPORTATION COMMISSION

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY

STAKEHOLDER INTERVIEW SUMMARY

1.0 INTRODUCTION AND GUIDE TO THIS SUMMARY

- This draft Interview Summary encompasses the results of stakeholder interviews conducted from February through mid-April 2006. The great majority of interviews were conducted by telephone.
- The Summary is a collection of the comments made by interviewees, organized by theme.
- Each bullet point represents a single person's comments.
- All points made and issues identified in this Summary are those conveyed by the interviewees. To obtain useful information, interviewees were assured that responses would not be attributed to specific individuals or organizations.
- Attachment A presents a list of stakeholders interviewed.
- This Interim Report represents work-in-progress, and will be added to in future weeks.

2.0 WHAT IS WORKING WELL WITH THE STATE'S RAIL SYSTEM?

- Recent State investments in passenger rail infrastructure, including terminals, are positive steps.
- We have more of the attention of the Class 1 railroads, especially BNSF. They are seeing that there is a market here for them. They are seeing the state's system as a relief valve for what's happening in Southern California.
- Amtrak service is popular; there is a perception that it is going well and is fun to ride.
- Sound Transit's big contracts with the major railroads are working well, enabling the agency to run commuter rail. The granting of rights on these rail lines has been useful.
- Things are going well for the railroads, reflecting the economy.
- We've been able to generate more money for the state's rail system. We've gone from \$1M per year to about \$12M per year recently.
- There is increased interest in freight rail and a greater understanding of the role that rail plays.
- Freight is getting moved to where it wants to go.
- We have some natural advantages – that is our opportunity and our challenge together.
- Good staff at the railroads keep a frail, maxed-out system moving.
- We are fortunate in this state that we have BNSF – they are easier to work with than some other railroads, and that's a plus.
- Subsidies to passenger rail are effective, and the Cascades route is popular and profitable.
- Sound Transit's ridership is good, considering its constraints.
- Sound Transit's Sounder Commuter Rail is working well, especially south of Seattle.
- Class 1 railroads are currently turning a profit.
- Amtrak Cascades has a high level of ridership and customer satisfaction.

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

- Passenger rail is getting some people out of their cars.
- The State's return on investment in passenger rail is high.
- The Freight Mobility Strategic Investment Board is an effective clearinghouse for freight projects.
- The railroads have been able to adjust operations to squeeze more capacity out of a near-capacity system.
- The partnerships around passenger rail (BNSF, WSDOT, Amtrak and Sound Transit) have succeeded in increasing mainline capacity from Vancouver, WA to Blaine while speeding up the Cascades route. Ridership has increased dramatically, and should continue to increase as service is added.
- Several state investments in short-lines have really paid off for local communities.

3.0 WHAT ARE THE MOST IMPORTANT MAINLINE FREIGHT RAIL ISSUES IN THE STATE?

3.1 Freight Rail Growth and Operations

Growth and Capacity Challenges

- The latest forecast indicates that there will be a doubling of rail traffic in the next 20 years. But growth is coming much faster than the forecast!
- We keep hearing that we are at or coming up against capacity – is that true?
- There has been a perfect storm of rail growth: Intermodal traffic is up, led by growth in imports; grain traffic is up, led by grain exporting to China; and the market for low sulfur coal is growing.
- The WPPA cargo forecasts show that mainline rail will face capacity shortages within 10 years. Significant congestion in the system is already apparent.
- There is a capacity shortage, both in terms of operations and capital. The lack of capacity in key areas creates chokepoints, hampering mobility through ports and cities.
- The BNSF merger has caused a lot of problems – there are large capacity shortages, especially east-west.
- BNSF is supposed to reach their capacity in 2009 – they won't be able to handle any more business. If so, then what would the state do about providing additional capacity?
- Growth projections for freight traffic indicate more traffic, but this is only if capacity allows.
- Rail service from Eastern Washington to the Puget Sound is a challenge. It's a matter of reliability and time. The rail shippers can't get guaranteed delivery times.
- Capacity on the BNSF lines between Tacoma and North Portland is a challenge.
- Shippers want to know – what is the state going to do about the rail system's problems? There is no reliability of service now.
- There are no long-term plans on the part of the carriers. The railroads need to develop them before the state can get long-term commitments.
- BNSF is constraining capacity in Washington in order to increase use of its southern line, where it has made extensive investments.
- The system is running out of capacity, and bottlenecks are not being addressed.
- The system is at capacity nationally, not just in Washington State. Freight-rail transport is at a historic high, in large part due to double-stack containers and unit trains.

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

Mainline Railroad Issues and Perspectives

- The most important issue from the railroad's perspective is to ensure safe operations, while we accommodate growth.
- There are some things we (the railroads) can do to squeeze more capacity out of the existing operating system. One is through an enhanced electronic train management system. A lot has been done already, more could be done through joint operating agreements or other approaches.
- In the future, we see significant problems in capacity with the rail lines. There are significant overall capacity issues – for the rail lines, in rail cars and in manning.
- BNSF is focused on several areas for improvement: increasing capacity for the Columbia Gorge (siding improvements); Stampede Pass; Bullfrog Junction in Tacoma; Swift siding at the Canadian border (post-9/11).
- The biggest issues for the UP: Fife and the Argo Yard. Regarding the Argo Yard in Seattle: we are going to need to move domestic traffic to a new domestic terminal (in Fife? Tacoma? Elsewhere?)
- Rail capacity improvements: the railroads are working on projects to expand capacity, e.g. building a new siding at Lyle in the Columbia River Gorge area. It is single track there, mostly.

Port-related Issues

- The WPPA Rail Capacity study is a decent benchmark about the state's freight and commodity splits, and rail system needs.
- Access and egress at the ports is a challenge. Intermodal capacity at the ports is a challenge as well.
- The Longview and Kalama ports take a lot of work to serve with rail. They have growing businesses and all need track space.
- There are problems getting permits and additional access into the ports and other freight movement spots. Project permits are required both by government (EIS) and by the Class 1 railroads (engineering & design review of projects that interface with mainline track).
- There aren't enough rail cars, including equipment and manpower, to deal with our port's products. We consistently hear from our customers that cars are late and there are problems with handling.
- The Vancouver Y project will improve capacity and operating time. It is funded for 2007-09. Point Defiance improvements are also funded.
- The rail system in Puget Sound is an order of magnitude larger than the local population and the economy would suggest. Ports handling through-goods are the reason.
- Imports subsidize our exports because the cost of shipping back empty containers is built into the price of importing. Washington businesses get artificially low rates when exporting goods, for example hay to Asia.
- U.S. ports are going to see increasing competition from ports in Canada and Mexico for landing freight destined for the Midwest U.S.
- Northwest ports have more capacity than the rail system can handle.
- There is not enough siding to handle unit trains in the Longview and Kelso port areas.

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

Operational Challenges

- Structurally deficient track—can slow trains or cause derailments.
- There is a serious problem with passenger-freight conflicts now. And this can only worsen with the state wanting to add more passenger service.
- Conflict with passenger rail is a problem that is going to get worse.
- Conflict with vehicle traffic (safety and impeding) at at-grade crossings, particularly in cities, and particularly for emergency vehicles.
- There is a shortage of rail cars.
- Lack of timeliness in scheduling, providing, and hauling rail cars.
- If speeds increase, trains can be longer without increasing the length of time it takes to pass a crossing.
- Not enough staging track to land trains in Puget Sound, especially to accommodate for emergencies.
- The challenge of getting rail traffic through Spokane, especially currently, with the increase in volumes. Years ago, the UP's rail entry to Spokane was cleaned up, and UP ended up operating over BN rails through town. It's a problem getting through town.
- Overall the market may not work. It is a specific model: the railroads respond to their perceptions of demand and provide infrastructure to move freight. It's a private market operation. But with mergers and relatively few railroads, competition has been eliminated and there are inefficiencies, from a demand responsiveness and market perspective.
- Mainline carriers are stepping away from their obligation to serve all customers, especially small-volume users.
- Rolling stock ownership shifting from carriers to shippers – this creates difficulties for small-volume shippers who do not own their own cars.
- Less-Than-Carload (LCL) shipping is going away. Railroads focusing on unit-trains, deemphasizing train-building, car transfer, and interchange between carriers. Increasingly difficult for short-lines to interchange with Class 1's.
- The dispatch centers for UP and BNSF are in the Midwest, using dispatchers who may never have set foot in the state.
- Mergers among Class 1's have created 8 railroads from hundreds of companies – but future mergers will leave even fewer, larger companies.
- Public safety continues to be a concern, both at grade crossings and due to trespassers.
- The State needs a defined policy for rail investment. Currently, the DOT is good at problem identification, but they aren't doing anything to solve the problems because they have no way to prioritize projects without a Statewide policy. For example, do you want to have short-line rail roads on the light density tracks? Do you want to preserve short-lines for the long run or do you want them to go away? This is a policy that needs to be defined by the State.

3.2 Rail Funding and Investments

Investment Policies are Needed

- Need to establish a long-term vision for the state's investment in rail.
- Need to look at what is truly the viable rail service in the state. Quantify the benefits of mainline freight rail service to determine the state's interest.
- We have 60-year old rail lines, and if we don't make investments now, we may be precluded from those opportunities later.
- The state only spends the last dollar investing in rail systems. It won't spend the first dollar to help good things get better. It only spends the last dollar, when the short-line rail systems are beyond salvage.
- The state seems to be spending money in the wrong places. If you are going to spend money, invest it where there is some business. The Palouse project needs to be unwound. That train is not serving a viable market. Eastern Washington is not going to be a wheat-growing area in 20 years. There is not going to be active industrial activity or property in that area for the next 10-20 years.
- The Legislature appropriated \$250M for rail for the next 10 years, how will that money be best spent?
- Need a set of criteria and policy guidance for making future rail investments – in both freight and passenger rail.
- There are RCWs in the state that spell out investment criteria for rail projects.
- The state needs an ability to prioritize rail investments, rather than have a political process.

Federal Funding

- The trend is in the direction of increased federal contributions to rail, through the appropriations process.
- Federal law contributes to the lack of competition – most locations are a captive market, putting them at the mercy of the one line when other modes of transport are not feasible. There is legislation before Congress to increase competition in rail.

Funding Sources and Needs

- The lack of funding and lack of predictability are huge issues. The need for rail is increasing everyday, and how are we going to fund it?
- There is an on-going deficit in capital investment in the rail system. There are out-of-date technologies for scheduling, routing, switching, etc.
- It has been a failure of FMSIB to obtain a funding source for grade crossing improvement projects.
- Private investment dollars should be brought in to help fund capacity projects – both from railroads and from other entities with liquidity to invest. Examine creative financing sources beyond the State and railroad companies.
- There is not enough money being invested in rail infrastructure.

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

Railroad Investment

- Return on invested capital – that is a key metric that the railroads look at.
- The state needs to understand the railroad's investment policies and pressures.
- The state is a very poor negotiator with the railroads.
- For grade crossings, federal law only requires that railroads contribute 5% of total cost.
- Are the railroads thinking that the state will step up to the plate and invest in infrastructure?
- The railroads need a systemwide operating agreement – across the country – but there is no motivation to do that. So there are gross inefficiencies in the process.
- BNSF is protecting its investment in the TransCon line (So. Cal. To Midwest) by maintaining a monopoly in the north, yet under investing in its infrastructure there.
- Because there is little to no competition for mainline service in Washington, BNSF takes WA for granted and under invests.
- BNSF is getting out of the rail yard business and is transferring their operation to others. In the meantime its yards run poorly due to vacant management positions and other understaffing.
- When the public funds improvements on railroad property (switches, for example) the price is often much higher when the railroad builds it compared to an equivalent project put out to bid through a public process.
- Railroads are not investing in the state at the levels they need to.
- State and local governments have limited authority over rail, so it will take public funds (rather than regulatory pressure) to get needed projects completed. The railroads want to maintain local monopolies in order to keep public subsidies coming.
- After two decades of shedding capacity, railroads are once again building new track.
- The majority of investment in rail is private money, not public.

3.3 Coordination Across Agencies and Organizations

- All levels of government – Federal, State, and local – need to participate with coordinated infrastructure investments.
- There has been poor communication and cooperation between the Class 1 carriers and some local governments.
- Communication between the railroads and local governments is a problem – how do you reach the railroad decision-makers?
- Create a new, multi-county transportation corridor federation/organization to coordinate transportation investments throughout the Puget Sound region (from Whatcom County to Thurston County). No county wants to be the only one asking for tax increases to pay for investments, so all should do it together.
- Support creation of Regional Transportation Improvement Districts to coordinate local contributions to infrastructure, including rail.
- Establish a standing Freight/Passenger Rail Long-Term Planning Committee with representation from the State, regional & local constituents, and the Class 1's.
- Ports took the lead on the Alameda Corridor project in California – ports should take the lead on solving capacity problems in this state, too, working with the state and the railroads.
- Local jurisdictions find it hard to get a response from the Class 1's when they have specific needs.

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

3.4 Partnerships

- There is some real ambiguity between the public and private sides as to how and where they can partner. The state is reluctant to subsidize private entities. The private sector is reluctant to enter into relationships with the public sector, for a number of reasons.
- Increasing the money available for public-private partnerships may get the Class 1's to be more responsive to local and regional investment needs.
- The railroads talk about public-private partnerships – we need to define what that means, and what the contribution of each party is to the partnership.
- The state needs to think about its strategic situation and needs. Is the public interest going to be met by private sector investments in the rail system?
- What can the state do, along with the railroads, to expand rail system capacity?
- Does the state have the capacity or ability to get the railroads' attention?
- The state needs to understand what the private interest is, and where the state can participate with the private sector. Principles that will underlie such a relationship need to be developed.
- We need a public-private partnership where the private sector is a true participant.
- There have been some steps towards partnerships – the agreement with Sound Transit for shared trackage is one. But those struggles are continuing.
- There hasn't been a policy-to-policy discussion between the state and the railroads. We need to develop those strategic relationships. That's where partnerships start.
- The relationships with the railroads need to be on a statewide basis. That's where the communication begins. It shouldn't just be on a local basis.
- Whatever we do needs to be done in a partnership.
- Partnerships with carriers for investments will be required – reciprocal agreements.
- It will be a healthy process to develop greater understanding about the state's role and partnerships with the railroads. There will be ongoing infrastructure and capital improvement issues to deal with.
- Washington needs to say: these are the corridors of importance, and if you want our money, this is where we want to focus.
- Need to determine when and where public-private partnerships for rail are appropriate.
- Local governments can participate in partnerships by expediting the permitting for projects.
- State and county governments need to work in partnership with the railroads to complete needed investments.

3.5 Economic Development

- Rail investments are a viable economic development tool. Transportation money hasn't been used for economic development in the state, and economic development funding hasn't been considered for transportation improvements. Because rail is only funded through the transportation budget it can drop off the radar for economic development.
- The rail system is part of a larger transportation and economic development system. So we need to think about the tradeoffs – what do rail investments do for increased mobility?
- Freight handling and interchange jobs are good jobs, and need to be encouraged.
- We can make a case for the state's interest in increased rail capacity based on job development.

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

- How can we translate the volumes of freight that are moving through the state, to benefit the state's users more?
- Some rail investments result in shifts of jobs from union to non-union, or eliminate jobs, both of which decrease the area's wage- and tax-base.
- Mainline carriers are trying to steer business development away from certain areas by threatening not to serve the rail needs of some new development.
- If the system runs out of capacity it will be a huge drag on the state's economy.

3.6 Systems and Tradeoff Analysis Within the Transportation System

- It has been a challenge for WSDOT to accept the role of rail versus surface transportation.
- In the state, we've chosen to do more and more passenger rail, and that traffic influences the capacity of the mainline freight rail system.
- Funding for passenger rail usually helps freight rail, and vice-versa.
- Planning can help avoid duplicating capacity investment in different transport modes within a single corridor.
- Plan for systems, not projects. Improvement anywhere in the system benefits the whole system.
- Cost recovery on the Cross Cascades line is lower than the State ferries. Is that OK? Is it really taking traffic off the highway?
- The rail system can alleviate congestion on certain highways.
- Plan investments for any given mode only in context of all other modes. Rail doesn't stand alone, and neither do roads, barges, etc.
- Identify the interrelationships and understand the cost comparison of investing in different modes of transport, and make investments in the transportation system, not just the rail system or the highway system alone.
- Include social and environmental costs in making cost-benefit calculations for system investments. Projects may only pencil-out when long-term benefits, including social and environmental benefits, are considered.
- Benefits of the rail system include: improvements in air quality; traffic congestion mitigation; public safety; jobs and economic development; enhanced network capacity.
- Understand the cost-benefit comparison of NOT making investments in rail, in the context of the entire transportation system.
- What is the cost of not making the improvements needed? Need to assess that.
- As a state, do we really want to become more reliant on trucks, for transporting lumber and grain commodities?
- Make investments in interconnectivity. How will the buses and local transportation systems interconnect with the state's rail system? We should have a policy on developing interconnected transportation systems.
- Highway and rail projects should be planned and funded as a single system.

4.0 WHAT ARE THE KEY SHORT-LINE RAIL ISSUES FACING THE STATE?

4.1 Needs and Demand

- The short lines are very important to the rural parts of the state. Businesses aren't going to locate in these areas if they can't transport their goods cost effectively.
- We do need a solution for moving goods to market. Growers do need efficient access to markets.
- In the short term, we need to protect all the right of way. Then need to look at the economics of whether unused ROW should be used as a rail link.
- Consider consolidation of short-lines.
- There is distrust between the Class 1's and the short-lines.
- Need to assess the needs and demand for short-line rail. There is no evidence of short-line coordination at all.
- Few short lines are able to meet their capital needs.
- It is a challenge to get Class 1's to work with short lines, e.g. take their traffic.
- Much short-line track is old – there is little investment in most lines.
- Most track is too light to handle current standard-weight cars – and heavier cars are coming.
- Getting cars from Class 1's is often difficult.
- With Class 1's consolidating yards, short-lines can become islands, unable to get cars to an interchange location.

4.2 Specific Rail Lines

- Don't lump all short-lines together. There are several different types that should be thought of separately.
- Short-lines on the eastside are in some difficulty. The Port of Pend Oreille line is the one of the most successful lines.
- The state is spending \$25M for a weave line in the Palouse – that makes no sense. The line will do nothing for the state.
- The majority of the state's money went to Watco – none of the other short-lines got a chance. We didn't have time to get our projects defined and submitted to the state for consideration.
- Potential rail lines that may be for sale: the Wallace line that goes through the Palouse into Idaho. The Coeur D'Alene tribe has talked about acquiring the rail line. The line is in rough shape, even for freight movement.

4.3 Cost-Effectiveness and Tradeoffs

- There needs to be assurance that if the state invests, that service will be used.
- What is the strategic value to the state of investments in the short-line network? Are the lines critical, or merely convenient?
- What if we don't keep the short-line railroads going? What are the consequences?
- Short lines may not be the best way to move freight. We may be better off investing the money in all-weather roads.
- Short-lines aren't as efficient as trucks. They are more of an economic benefit for specific areas of the state.

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

- Need to assess the financial viability of the state buying short-line systems and then being held hostage to that commitment.
- Be careful not to blow out of proportion a few bad investments in short-lines.
- When weighing the cost of investing in short-line, take into consideration the cost to the road system of having trucks haul the goods.

4.4 Project Selection Criteria, Process and Funding

- Want criteria and decision matrixes, to move from a political to a criteria-based investment approach.
- We need to look closely at each of these short lines. If the state is going to invest in short-line rail, need to look at each one carefully in their context.
- There's a need to understand the economic geography of the state – what short-line is of economic importance to the state? What railroad is serving what purpose, and with what economic benefit?
- State support of short-lines is currently ad hoc, on a case-by-case basis as presented by interested parties.
- Short-line decisions are being made as reactions, rather than as strategic investments.
- There is no reasoning on this short-line issue – what kind of subsidy should the state provide?
- Project selection for short-line rail investments – it is not a fair system. The Legislature said it wanted to fund projects and then there was no process for selection. Projects were selected in a completely arbitrary manner. The money went to the worst rail systems in the state.
- Question being posed: what is the strategic value to the state of investments in the short-line network? Do we need this capacity to move grain across the state?

4.5 State and Railroad Roles Regarding Short-Line Operations

- We shouldn't get into an operating mode for short-lines.
- If the state is going to acquire a line, need to get the operating rights to it, instead of just the infrastructure.
- To what extent should the state get involved in rail service? It is a very, very slippery slope to start providing service.
- Need to get commitments that people will use these short lines, if the state invests in them.
- To what level are the Class 1 railroads interested in the short-lines?
- What is the role of the Class 1s in this decision-making?
- Are the carriers willing to enter into contracts (public-private partnerships) for rail service?
- Are the short-lines willing to enter into contracts for rail service? There needs to be assurance that if the state invests, that service will be used.

5.0 WHAT ARE THE KEY PASSENGER RAIL ISSUES FOR THE STATE?

5.1 Passenger Rail Needs and Demand

- There is a huge outcry for rail in this state. People want alternative means of transportation and they have traveled elsewhere and seen rail systems in action. They want that here.
- Need to increase the frequency of service to attract a critical mass of ridership
- Is it possible to reinstate passenger rail service that has been discontinued?
- Should the state support passenger service, whether commuter, regional, or long-haul?
- Should there be long-haul passenger rail service in the state?
- At what level of capacity and service does passenger rail begin to have an impact on highway traffic?
- Not sure where we are with passenger rail – are we at capacity yet?
- In the long-term, passenger rail is going to phase out; they can't compete with low cost airplane travel.
- We still don't have the speeds that we ought to be getting.
- On-time performance is declining because of freight rail conflicts. We are competing with BN's own problems.
- The rule requiring passenger trains wait 48 hours after a slide before resuming service is applied unnecessarily by Class 1's in an effort to get more freight through. More flexibility is required.
- East/West passenger service is insufficient, and too slow.

5.2 Cost-Effectiveness and Tradeoffs

- There is a huge disconnect around passenger rail service. The Cascade service runs well, but at what cost? What is the right level of investment and what are the tradeoffs? We don't know!
- What is going on with passenger rail around the state is invisible to people. People like Amtrak, but they have no idea what it costs and how much of a challenge it is to build and operate.
- At the regional level, we have made huge investments. What is the cost-benefit of those investments?
- We don't have the trip density to support passenger rail in the state. The operation is good, it is just very expensive.
- Heretofore, the state has been subsidizing improvements to support additional round trips, and these have been for small projects. The challenge is that in order to get more service, there will have to be extensive improvements made, with associated costs.
- Passenger rail obviously takes up space on the track – that makes the track more scarce and more valuable.
- Can we answer the discrete question: what is the traffic impact on I-5 of adding additional passenger service? Can we quantify this.
- Passenger trains are fun, but they don't pencil, except with density.
- Passenger rail is not paying its way in the system, especially in Puget Sound. Passenger service constrains dispatch and reduces freight capacity in the system more than is covered by infrastructure investments related to passenger rail. This should be recognized, and its full impact should be quantified.
- Passenger rail takes capacity away from freight on the mainlines.

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

5.3 Amtrak and Long-Haul Service

- The big issue is Amtrak – will we have an Amtrak service or not? The feds are going to tell us.
- We have heard comments that passenger rail won't be around in the future, that Amtrak won't be around. We need to make accommodations. There need to be ways to subsidize passenger rail that also subsidizes freight rail.
- Intercity commuter rail has a huge potential for the future, but long-haul rail does not.
- Spokane gets one train in the middle of the night. I wouldn't call that service. But the boardings are fairly healthy for this service.
- Passenger service on the east side of the state is problematic, pretty unattractive. The rates aren't bad, but you have to leave in the middle of the night!
- Unstable Amtrak funding at the federal level leads to uncertainty about future service.
- Political considerations place constraints on Amtrak – Congress likes to have control of it.
- Changing labor rules would decrease operating cost – for example, outsourcing on-board service would likely move the jobs from union to nonunion, resulting in wage cuts and cost savings.

5.4 Passenger Rail Funding Structure and Plan

- A better funding structure is needed for long-haul service.
- The state is subsidizing three round-trips to Portland – subsidizing the costs not covered by fares. There is 45% cost recovery; the state's subsidy was \$23M for the biennium.
- The key question is: are we willing to make the necessary investment in passenger service?
- There are a group of rail advocates in the state that want the state to be on a 20-year path to growth and expansion of rail service. I just don't see that happening, with all the constraints there are. If we aren't on that path, we need to stop pretending that it will happen.
- The state's long-range passenger rail plan does not appear to be resource-constrained. It would be helpful for the state to identify the next set of realistically implementable projects.
- The state's long range plan envisions lots of new service, but there is no way to get the funding needed for that service. There is no federal program to provide the funding. So it's really only a vision.
- The state has a vision for King Street Station that is more enhanced than Sound Transit's. Based on Sound Transit's schedule and budget, funding is limited, and that makes for an incompatible vision.
- The way the state funds the rail program – in bienniums, without the ability to commit future bienniums – limits its ability to act as an effective partner in major rail improvement projects. The King Street Station project is a poster child for this challenge.
- Regional tax packages can supplement state funding.
- Consider California-style Joint Powers Authority on multi-jurisdiction projects.

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

5.5 Commuter Rail

- I'm a great supporter of what we are trying to do with commuter rail. You can easily move 10,000 people per hour on each track (assuming adequate ROW and track).
- We have to move in the direction of more commuter rail. We have limited commuter rail service from the north, and it only goes as far north as Everett. Yet a lot of the growing population is living north of Everett, including families and people who need to travel to work.
- Sound Transit's commuter rail on-time performance is generally at 97-98%, or above the agency's 95% objective. Did have some on-time performance challenges on the Everett-Seattle line last October-December. The operations experienced freight interference due to the congested freight system, however this has been addressed; staff are meeting with BNSF regularly and watching the situation closely.
- There is demand for transit rail between Olympia and SeaTac airport, and on into Seattle, preferably on its own track.

6.0 WHAT ARE THE STATE'S MAJOR STRATEGIC OPPORTUNITIES ASSOCIATED WITH THE RAIL SYSTEM?

6.1 Needs and Demand

- The state feels that its future is linked to basic industries in the state, and these industries will not exist without the rail network.
- The best thing the state can do is provide money to create urban corridors – including improvements to grade separations, and mitigation of community impacts. The whole corridor issue is important.
- There really is a need and an opportunity for the state to participate in the rail system, because there are multiple benefits: relieving congestion, and building competitive advantage.
- Take advantage of more opportunities for public/private partnerships.

6.2 Planning

- Planning can help avoid duplicating capacity investment in different transport modes within a single corridor.
- Plan investments for any given mode only in context of all other modes. Rail doesn't stand alone, and neither do roads, barges, etc.
- Consider the long view, not the "Wall Street" view of investment – look at a 20+ year planning horizon.
- Make passenger rail improvements without disrupting freight capacity.

6.3 Cost-Effectiveness and Tradeoffs

- Rail is important – without that rail capacity, we'll end up putting more trucks on the roads, which will have safety, environmental, road wear and tear, and congestion consequences.
- There are competitive issues: if freight can't move through here, it'll go through other others, especially Canada.
- Consider passenger projects to be passenger-and-freight projects.

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

6.4 Incentives and Leverage

- Adjust the incentives for carriers to invest in their track – small infusions of governmental assistance can change the rate-of-return equations for the carriers enough to move the public’s priorities up on the carriers’ lists of investment priorities.
- Help carriers satisfy regulations for projects. Easing regulatory procedures can affect the rate-of-return for projects.
- How does the state position itself to not be at the mercy of the railroads, with strategic investments that help ensure mobility?
- Leverage federal funds.
- Induce private investment with targeted public funds that create incentives for private investment.

6.5 Right-of-Way (ROW) Acquisition

- Acquire surplus BNSF ROW. BN is looking to sell its ROW from Renton to Snohomish. It’s a huge opportunity – the state should get that rail corridor – you can’t re-create that line again. It would be an ideal line to use for commuter rail.
- Preserve ROW in urban areas.
- “Rails-With-Trails” instead of “Rails-to-Trails” would maintain potential rail capacity while acknowledging the use of right-of-way by pedestrians and others.
- Create a “Rail Bank” to preserve ROW for future re-use.

6.6 Other Acquisitions and Investments

- There are some lines in Eastern Washington that the Class 1s currently operate and that will be going up for sale. So there could be some strategic partnerships developed there.
- State ownership of rail cars has worked well. The grain train cars – we use them everyday.
- The state should put together its own rail car system.

6.7 Market and Financial Analysis

- Be more market-driven for passenger rail. Do market analysis of whether and when passenger rail service will work.
- Invest money where it makes sense. Quincy is not going to be the right place for an intermodal facility.

7.0 WHAT IS THE APPROPRIATE STATE ROLE IN THE RAIL SYSTEM?

7.1 Define the State's Benefit and Role

- If the state wants to be competitive (with other states), it will have a role in the rail system. The state needs to recognize, identify and understand where it is getting benefit from the network (e.g. in the intermodal network), and therefore where it has a role. Oregon has done this successfully.
- The freight rail system is privately owned so really all we can do is support the grade crossings and upgrading of roads around the rail system.
- There is a role for the state to play in long-range planning.
- Because the railroads are private they are looking at their bottom line and not what's best for the state of Washington. The State needs to be the advocate for Washington's interests.
- State should be a catalyst for funding projects, as well as a facilitator (e.g. with permitting).
- State should act as facilitator, arbitrator between railroads and local jurisdictions.
- Work to build consensus among stakeholders and help find funding from multiple sources.
- Local jurisdictions need the State to act as an ombudsman/point of contact with the Class 1's.
- The State can provide a communications path between local jurisdictions and the Class 1's.

7.2 The State as Investor: Need for Investment Analysis and Policies

- The state does need to make infrastructure investments. The worst thing would be for the state to hide or ignore its responsibility for making these investments.
- Rail is a perfectly legitimate place for the state to be. We can use our patient capital (which the state has) to make needed improvements and help provide the state with a better level of service.
- Need to establish a policy on investing state fund in rail. Need an economic analysis of what we are investing in and what our expectations are. Identify the economic and social benefits, then evaluate the investment.
- It always comes down to the money – how much and where should the state invest?
- Need to determine if the market supports our investments, or are we trying to create a market? We need to do cost-benefit analysis, because maybe it would be better to invest in roads.
- We need to make investments in rail – the question is what percent should it be?
- The state needs to maintain or increase its investment in the rail system.
- Help fund capital investment in all kinds of rail.
- Establish public-private partnerships to raise investment capital.
- Fund operational improvements as well as capital improvements.
- Take the money that would have been invested to fix road damage from trucks, and put it into rail systems.
- Subsidizing freight rail infrastructure with tax dollars exacerbates underinvestment by the railroads. It gives them an incentive not to invest until government opens its wallet.
- Washington spends more than most states on freight rail, but has not used regulatory avenues effectively to encourage investment independent of state funds.

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

- It is appropriate to subsidize passenger rail, but not freight rail.
- The state should make targeted investments that increase capacity for passenger trains (which will also benefit freight).
- Put gas tax money into rail and ferries because increasing capacity for those modes frees up capacity in the highway system.
- The state should provide more money for investments in freight mobility.
- Modest investments in rail are appropriate – public dollars go into airports, waterways, and roads, so why not rail?
- System-volume per dollar indicates that rail is a better investment than roads.
- The State should make better use of its State Infrastructure Bank to use federal dollars for project financing.
- The State's role in railroads should be no different than its role in the ferries or the highways. The State makes it cheaper for trucks to operate and the average driver or taxpayer is subsidizing them. Generally, public policy is making it easier for truckers to operate creating an imbalance.

7.3 Work with the Railroads

- The state needs to be involved with the Class 1s on system capacity issues. If we don't, we'll lose the opportunity to set up freight mobility for the future.
- Re-assume authority for train speed limits from local jurisdictions; increase speed-limits to increase capacity.
- Engage the Class 1 carriers to work on issues.
- Need greater involvement with the Class 1 carriers.
- Help local jurisdictions deal with the impacts of increasing rail traffic.

7.4 Federal Advocacy

- Elected officials should work toward policy changes at the Federal level – for example, to de-silo transportation funding and allow a system approach to project funding. Allow FHA funds to go to other modes.
- Engage the federal government in helping to change policies.
- Work for increased federal funding.

8.0 WHAT ARE THE DESIRED OUTCOMES OF THIS PROJECT?

8.1 Address Rail Operations Issues and Questions

- The project should ask the hard questions – what does it mean to get additional passenger rail on these lines, with freight rail movements growing so rapidly?
- There are two functions of rail that need to be addressed: the carrying capacity of rail and the velocity of rail moves. Both are important.
- Identify chokepoints and practices that will increase the carrying capacity and velocity within the state’s rail system.
- Development of a strategic rail system. Need more of an open access system. If the railroads aren’t interested in that, they should put up their own money.
- Build toll rail track if private investment can’t or won’t fund needed additional track.
- Investing in new information technology to manage rail operations could streamline service.
- Provide more grain train cars to alleviate the shortage.
- Not keen on the state owning rolling stock – that is a much trickier area to operate in.
- For passenger rail, exploring the connectivity between the eastern and western parts of the state. Is it possible to reinstate passenger rail service that has been discontinued?
- In the end, the study should help provide better service for rail customers.
- Infrastructure improvements.
- Needed projects are already identified in prior studies – this study should establish a roadmap for making those projects happen.
- For identified projects, show the outcome of specific investments and their expected benefits.

8.2 Definition of Public Benefit and Appropriate State Role

- Some good thinking on what would constitute public benefit. Some good thinking about whether the state should own short-lines. Is it a good thing, and if so, under what circumstances?
- Lay out a broad policy for the state’s role in rail. Make it clear what the role is and where it stops, so we can get agreement among elected officials and state agencies.
- The study should answer the question about what is the state’s role – for passenger and freight rail. It should also identify what are the biggest needs, and confirm the next best investments in the state’s rail system.
- Develop a clear vision on the statewide role of rail. This should include the ports and Sound Transit, not just the State of Washington. The vision should provide guidance for future decisions. There is no guidance under the present situation. It has never been put together in a coherent, integrated way.

8.3 Policy and Investment Framework for Tradeoff Analysis and Prioritization

- Establish a means of measuring the benefits and costs. Include all the internal and external benefits, so we can measure them. What are the investments and the outcomes of those investments. Ultimately, these need to be monetized.
- A coherent framework that guides investment and policy decisions for the rail system's future.
- Freight rail projects now often become earmarks – they are line items targeted to specific projects – and often are very much oriented to special interests. Hope that this study can get us back to a framework for making investments. Make clear how and why we should invest in rail and what needs to happen. Help provide more discipline to the process.
- Need to balance the tradeoffs – look at things in a holistic way. How will we use state resources in a way that's most productive and efficient for the state?
- Criteria for policy-makers to consider and weigh when making decisions about state support of rail.
- How do you integrate rail into a statewide transportation plan? The rail system needs to be integrated into the state's overall transportation plan. Then we can make tradeoff decisions with highway investments.
- A guide to how to make good investments in the future. Historically, decision-making has been political.
- There should be a statewide policy; the state should establish a mission and guidelines for how we set rail investment priorities.
- Need to have criteria for how public money is used to assist private companies, including the short-lines. Safety should be a starting point for the criteria, followed by economic development and job creation. Port expansion and investment needs should also be criteria for the state's role in investments.
- Answer the cost-benefit question. We need to determine what it will cost the state if we don't improve the rail system.
- The state's policy should be to subsidize passenger rail but not freight rail.
- The state needs to have a more nuanced policy toward dealing with freight rail, and be more sophisticated about its negotiations and investments.
- The Legislature may need to revisit laws that create barriers to public assistance to private entities – things have changed since the laws were written.

8.4 A Strategic Investment and Funding Plan

- Assuming that there is a role for the state in the rail system, how do you effectively fund it? Beyond academic planning, that is, what is the active role the state can take with the Class 1 railroads? What kind of funding options will be open?
- Public-private initiatives for rail funding – what is the place and design for that?
- A plan for strategic investments for passenger and freight rail, with its recommendations adopted by the Legislature.
- A bottom-line figure presented to the Legislature on what amount of investment is needed to keep freight moving.
- One part of state policy could be on grade separations. But if you say you have a policy on that, you'll need to fund it.
- Like to see the state develop and fund a well-thought out rail policy.

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

- Relook at all the rail projects that have been funded – the whole allocation process needs to be reviewed. It's a grotesque waste of money to put funds into lines that aren't supporting business. The Watco project needs to go back on the table. That \$25M needs to go to businesses that make more sense.
- There ought to be state or other public funding for any ROW that is being abandoned. We should not let that ROW get away.
- Spread investments throughout the State, not just Central Puget Sound.
- Focus investments where they will provide the biggest improvement to the system, in particular the Puget Sound area.
- Identify some good candidates for grade separation projects. As growth continues, the state should be responsible for funding upgrades to intersections and for grade separation improvement projects.
- Seeing results from investments of tax dollars will generate good will toward future taxes for infrastructure projects.

8.5 Enhanced Relationships

- Improved working relationships between the railroads and the cities and other jurisdictions.
- Agreements with the state's partners – railroads, labor, etc
- Railroads need to be included in the state's plan for the future. Its good to acknowledge the importance of railroads.
- The state's rail group should be strong – that's important. Now it seems like they don't have much say.
- State and local jurisdictions should improve their cooperation, work together on when working with the railroads on projects.
- There needs to be on-going executive-level contacts between railroads and the State to build strategic business relationships – understand each other and develop trust and credibility to smooth cooperation at lower-levels. It may take people with business experience working for the State to establish those relationships with private firms.

8.6 Enhanced Understanding

- Any plan for investments must include public outreach to help people understand the value of making the investments.
- A successful outcome would be getting a lot of people to understand the system – what is going on! And to have a general understanding of the issues and the different political solutions.
- A better informed set of decision-makers about the value being provided by the rail system, and a discourse that is informed by better information.
- Educate the public on rail issues and how they impact highways.
- Actively engage in public outreach – for example, WSDOT should have people speaking to community groups on an on-going basis, informing the public about transportation problems and solutions.

9.0 SPECIFIC RAIL SYSTEM IMPROVEMENTS AND INVESTMENTS IDENTIFIED

9.1 East-West Movement and Across the Passes

- Redevelop the Ellensburg-to-Lind route. State-owned right-of-way exists, just need the track. This route would create the opportunity for a couplet (Stevens Pass/Stampede Pass) that takes advantage of Stevens Pass' ventilation and siding constraints.
- Ellensburg-Lind route – bring it back into service.
- Lind to Ellensburg would be a good routing connection.
- Upgrade Stampede Pass tunnels to accommodate double-height container cars. This would be a major change and benefit.
- Crown cutting at Stampede Pass – to address capacity issues there.
- Straighten track, add sidings to Stampede Pass route.
- Encourage BNSF to allow UP to use Stampede Pass.
- A lot of improvements are needed at Stampede Pass; a lot of it is not signalized. With improvements to Stampede Pass, Stevens Pass will become more efficient.
- Improve tunnel ventilation, add sidings to Stevens Pass route.
- Consider sidings at Snoqualmie Pass.
- Build new tunnels for Stampede and Stevens pass – 1,000 feet lower. Also straighten and decrease the grade.
- The passes through the Cascades are too steep and too high compared to today's track standards.
- The curves on Stampede Pass are too tight, requiring trains shorter than are run other mainlines. Also the tunnel's ceiling is too low for double-stack container cars.
- A new line connecting Ellensburg to Quincy would help move the state's agricultural products east to west.

9.2 North-South Movement

- More double tracking in key areas of congestion, such as Chehalis-Centralia.
- Encourage BNSF and UP to extend their shared-track agreement north from Tacoma to Seattle. Would require improvement to UP track, but could create a north/south couplet between Tacoma and Seattle. Would also rationalize switching around Tacoma, freeing capacity.
- Have the ports help fund UP track upgrades needed between Seattle and Tacoma, since they would benefit too.
- Upgrade four tunnels along the Chuckanut route (between Skagit Valley and Bellingham) to accommodate double-height container cars.
- Build a third mainline between Seattle and Portland. It will increase capacity for freight, increase the potential level of passenger rail service, alleviate pressure on airports (SeaTac and PDX) to expand, and free up highway capacity.
- The Puget Sound needs an east-side track alignment for through-freight to bypass water-side congestion; provide additional system capacity; serve commuter rail between east-side population centers; and serve as backup capacity for emergencies. "Commerce Corridor"

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

9.3 Port-Related Projects

- Fund access and egress projects out of the ports.
- Expanded on-dock rail is an opportunity. Make the seaports more rail-friendly. It's crazy to have the trucks tying up traffic around those ports.
- The 'D' Street project in Tacoma would allow trains to queue closer to the port.
- The Kelso-Martin Bluff project will help with congestion around the ports of Longview, Kelso and Kalama. The ports participated in an EIS for the project, which has a conceptual estimate of \$500M. The Federal Railroad Administration needs to finish the EIS for this combined freight and passenger project, and the FRA has said that they first need DOT to release the long-range plan.
- The Port of Grays Harbor project has been good. The state helped fund rail line improvements there.
- There is a "spaghetti bowl" of track in south Seattle, intertwined and with multiple operators. Tracks are too short for efficient train-building. Operational changes could result in more mainline capacity – better dispatch coordination, and moving Amtrak engines off the mainline for service and fueling, for example.

9.4 Columbia River Corridor

- Additional sidings on the Columbia River routes – these offer the greatest increase in capacity for the system.
- The Port of Portland has proposed directional routing. That would require a bridge at Pasco – it's a big expenditure but a really important improvement.
- The mainline bridge across the Columbia at Vancouver needs a lot of improvements.
- Develop a one-way couplet concept along the Columbia River, using Oregon track in one direction, Washington track in the other.
- A Vancouver bypass for BN to get Gorge trains around the Vancouver Yard.

9.5 Grade Separations and Freight-Car-Pedestrian Conflicts

- Implement grade separations where needed and clean up some of the rail infrastructure conflicts.
- Grade-separate the entire rail system between Everett and Tacoma.
- Have the FAST Corridor project look at grade separation from the perspective of rail, not just from the perspective of roads, to identify and prioritize projects.
- The Broad Street crossing in Seattle: grade separation would allow trains to queue closer to the downtown tunnel, increasing the number of trains able to get through the tunnel.

STATE RAIL CAPACITY AND SYSTEM NEEDS STUDY STAKEHOLDER INTERVIEW SUMMARY

9.6 Passenger Rail Service

- Four daily Amtrak trains between Vancouver, B.C. and Seattle would provide the level of service needed to make it a viable transportation choice.
- A triangular daylight passenger service between Seattle-Tri-Cities-Spokane. That service could open new markets that don't exist now, because the service isn't there.
- Expand the State's Commute Trip Reduction program, push for expanded rail service as well as buses, vanpools and carpools.
- Consider DMU (Diesel Multiple Unit) commuter rail (combo locomotive/passenger car) as an option for passenger service with minimal impact on track scheduling, especially north of Everett.

9.7 Working with Other States and Canada

- Build on successes like the Portland/Vancouver I-5 Transportation and Trade Partnership.
- The Washington and Oregon economies work largely as a single market, and transportation policies should reflect this — plan together.
- The Canadian proposal to create a new border crossing for passenger trains (new line). This requires federal approval, plus coordination on both sides of the border to link track.

9.8 Operations

- Positive Train Control over the entire mainline system, not just parts
- Have a dispatch center here in the Northwest, one that will better understand our system and its geography.

ATTACHMENT A LIST OF INTERVIEWEES

Bruce Agnew, Discovery Institute
Mark Asmundson, City of Bellingham
Ed Barnes, Washington State Transportation Commission
Jeannie Beckett, Port of Tacoma
Gretchen Borck, Washington Association of Wheat Growers
Lanny Cawley, Port of Kalama
Paul Chilcote, retired, formerly with the Port of Tacoma
George Cress, Port of Longview
Kent Christopher, Port of Seattle
Bob Distler, Washington State Transportation Commission
Lloyd Flem, Washington Association of Rail Passengers
Dick Ford, Washington State Transportation Commission
Elmira Forner, Washington State Transportation Commission
John Fratt, Consultant to Ports
Judy Giniger, Washington State Department of Transportation
Agnes Govern, Sound Transit
John Gray, Union Pacific
Paula Hammond, Washington State Department of Transportation
Bob Harvey, Sound Transit
Senator Mary Margaret Haugen, 10th Legislative District
Randy Hayden, Port of Pasco
Andrew Johnsen, Burlington Northern Santa Fe
Pat Jones, Washington Public Ports Association
Susie Lahsene, Port of Portland
Dean Lookingbill, Southwest Washington Regional Transportation Council
Ed McKechnie, Watco Companies
Glenn Miles, Spokane Regional Transportation Council
John Mohr, Port of Everett
Carol Moser, Washington State Transportation Commission
Chuck Mott, Washington Association of Rail Passengers
Dan O'Neal, Washington State Transportation Commission
Larry Paulson, Port of Vancouver
Steve Pottle, Port of Olympia
Mark Ricci, Washington State Rail Labor Coalition
Charlie Sheldon, Port of Seattle
Dale Stedman, Washington State Transportation Commission
Brig Temple, Columbia Basin Railroad
Tom Till, Discovery Institute
Jim Toomey, Port of Pasco
Mark Wilson, Port of Kalama
Martin Young, Sound Transit
Mike Zachary, Port of Tacoma