



Washington State Transportation  
Commission

**Statewide Rail Capacity and System Needs Study**  
*Task 10.3 – Rail Operations Forum*

technical

**memorandum**

*prepared for*

**Washington State Transportation Commission**

*prepared by*

**Cambridge Systematics, Inc.**

---

*technical memorandum*

# Statewide Rail Capacity and System Needs Study

## *Task 10.3 – Rail Operations Forum*

*prepared for*

Washington State Transportation Commission

*prepared by*

Cambridge Systematics, Inc.

*date*

December 2006

---

# Table of Contents

|  |          |
|--|----------|
| <b>1.0 Summary .....</b>   | <b>1</b> |
| <b>2.0 Objectives.....</b>   | <b>2</b> |
| <b>3.0 Goals and Functions of An Ongoing Rail Forum.....</b>   | <b>2</b> |
| A Forum for Direct Communications Between State and Railroads on Planning,<br>Operations, and Policy ..... | 2        |
| A Forum to Identify Opportunities for the State to Trade “Value for Value” .....                           | 4        |
| A Forum to Coordinate Operations Strategies Among Rail .....   | 4        |
| Coordinated Advocacy on Behalf of Customers/Communities .....  | 4        |
| Develop State Priorities for Regional and National Rail Policy Discussions and<br>Project Planning.....    | 5        |
| <b>4.0 Organization of a Rail Forum.....</b>   | <b>5</b> |
| A New Governance Structure for State Rail Programs.....  | 5        |
| Structural Issues and Options for Rail Forum.....  | 7        |
| <b>5.0 Conclusions .....</b>   | <b>8</b> |

# Task 10.3 – Rail Operations Forum

## ■ 1.0 Summary

The Washington Statewide Rail Capacity and System Needs Study provides a comprehensive look at the rail system in Washington State and identifies opportunities and threats for the future. While this was a one-time look at the system that has benefits in identifying issues and strategies, it also points to the need for a mechanism to bring the various stakeholders associated with rail issues together for ongoing discussions, planning, and implementation actions. This technical memorandum outlines the elements of a possible ongoing rail operations forum that would serve this function.

An ongoing rail operations forum could address a number of planning and implementation needs identified in this study:

- The forum could provide a mechanism for the State and key stakeholders to have direct communications with rail carriers as a group in an organized and comprehensive way. This should lead to more effective multiparty solutions to problems.
- By working with multiple parties and directly with the railroads, the State may be able to more effectively put packages of projects and operating strategies together that trade value to the State for value to the railroads.
- The study identifies a number of operating strategies that would promote interests of the State. A rail forum could provide a means for the State to advocate for these strategies in a coordinated fashion. It could also provide a mechanism to discuss joint and cooperative operations strategies that involve both Class I carriers and other rail operating entities.
- A forum would provide a mechanism for discussing common concerns and issues shared by multiple customers/carriers/third-party service providers. In regional listening sessions and private discussions with Technical Resource Panel participants in the study, this type of ombudsman role for the State was often called for.
- A forum would provide a mechanism for discussing common concerns/issues shared by multiple communities/carriers. Again, regional listening sessions surfaced this need for a state ombudsman role.
- A forum would be a place where stakeholders can come together to discuss and develop State priorities for regional and national policy and project funding discussions.

The purpose and functions of a rail operations forum are discussed in more detail in Section 2.0 of this technical memorandum.

Clearly with such a wide range of functions, a rail operations forum could take many different forms; some of which would be more appropriate to a particular function than would another. In fact, this technical memorandum recommends that a number of different formats be considered for the different functions of the rail forum. First, the study recommends a new governance model that would create a single entity within the state government to coordinate state rail programs. This governance model is described in Section 3.0. This new entity should be responsible for recommending the final structure of the rail operations forum and should coordinate its activities. The study also recommends the creation of a multistate partnership to advocate for broader regional and national projects and strategies. The relationship of the rail forum with such a group will also need to be determined.

A major structural issue that will need to be addressed in putting together a rail operations forum is whether or not the group should have open public meetings with all stakeholders, or whether it should involve private meetings one-on-one with carriers. A related question is whether all discussions with carriers should be with local/regional management or national headquarters executives. Section 3.0 presents a number of different components for a proposed rail forum that addresses these issues.

## ■ 2.0 Objectives

The objective of this technical memorandum is to describe the goals and potential functions of an ongoing rail forum and alternative formats and structures for a forum. The description of potential goals and functions outlines a wide variety of functions that would benefit from ongoing and structured discussions involving various combinations of stakeholders. The technical memorandum describes different formats that would be most appropriate to each of the goals and functions.

## ■ 3.0 Goals and Functions of An Ongoing Rail Forum

This section of the technical memorandum deals with the goals for an ongoing rail forum and its functions.

### **A Forum for Direct Communications Between State and Railroads on Planning, Operations, and Policy**

A primary objective for an ongoing rail forum would be to provide a mechanism for regular and direct communications between the State and the rail carriers in the State.

Depending on the topics to be discussed and the format of the forum (described in Section 3.0), this could also involve shippers, customers, community representatives, and other stakeholders. The Washington Department of Transportation's (WSDOT) passenger rail program already convenes several working groups that could provide a model for the type of forum that would provide this direct communications link:

- **Weekly project management meetings** – These meetings are on a project basis and involve the engineering project managers from WSDOT and their counterparts at the Class I railroads, Amtrak, and Sound Transit, as appropriate. They are conducted to review status of projects and to resolve issues as projects move through design and construction.
- **Bi-monthly program/policy management meetings** – These meetings are with local/regional management staff and have routinely involved WSDOT program management, Amtrak, Burlington Northern Santa Fe Corporation (BNSF), Sound Transit, and sometimes Union Pacific Railroad (UPRR). They are designed to discuss investment plans for the future and overall policies for investment and operations.
- **On-time performance working group** – This working group was established to provide a high-level focus on operations, and ensuring that the *Amtrak Cascades* and freight trains operating in the I-5 corridor achieve on-time performance goals. They involve high-level headquarters and local operations managers at BNSF, program management at WSDOT, and Amtrak local and regional managers. The meetings review key performance statistics and provide both an information sharing and problem solving forum.

An ongoing forum for direct capital and operations planning communications between the State and rail operators might focus on the following topics across the State for both passenger and freight rail systems:

- System performance review, plans, and concerns.
- Investment planning and review of status of capital projects. This would include discussion of the status and issues surrounding joint public-private projects, as well as reviewing progress in permitting and other regulatory issues on strictly private projects around the State.
- Review with carriers and planned changes in operating plans and discussion of the likely impacts on performance of system in areas where the State has an interest.
- Customer complaints and issues of major significance to State.
- Community complaints and issues of major significance to State.
- Short line and third-party issues.

## **A Forum to Identify Opportunities for the State to Trade “Value for Value”**

A major objective of a state investment program in the rail system is to influence the investment priorities of the Class I railroads, both with respect to the timing of certain improvements and the relative priority of improvements within the railroads capital plans. This requires the State to be able to identify opportunities to offer project investments of value to the railroads in exchange for changes in investment priorities or operating practices that have clear benefit to the State. WSDOT already has a long- and short-range strategic investment plan for its passenger rail program, but has not developed such a plan for the freight rail program. If the DOT develops an overall system level set of priority strategic investments, analyzing the relative public and private benefits of these projects using the techniques proposed in this study, this would form the basis for identifying “value trades” in direct discussions with each Class I carrier. Conducting such meetings on a regular basis would provide continuity and stability to the working relationships. By conducting this type of regular strategic planning discussion with each of the Class I railroads and with other short lines, third-party logistics companies and intermodal marketing companies (IMC), and customers, the State would be able to “test the waters” on projects that involve investment in one railroad’s infrastructure, particularly when this would have the potential to impact existing competitive relationships. It would also ensure that the complete package of strategic projects that the State would pursue would provide for equitable treatment of all carriers to the benefit of the State.

## **A Forum to Coordinate Operations Strategies Among Rail**

As described in the Technical Memorandum 4, there are numerous operating approaches that would improve system performance and effective capacity at a lower cost than would be required to add significant amounts of new mainline capacity. This would involve practices such as co-production (directional running on two different railroads’ tracks), joint dispatching when multiple parties operate on the same track via trackage rights, or operation at crossovers. In general, coordinated discussion of operations issues would create the opportunity for the State to identify and advocate for beneficial operating practices from the state perspective. A regular gathering, similar in structure to the current On-Time Performance Working Group that the WSDOT passenger rail program participates in would be beneficial to fulfill this function of a rail operations forum.

## **Coordinated Advocacy on Behalf of Customers/Communities**

A key issue that came up repeatedly in the study listening sessions and in stakeholder meetings was the potential benefits of the State providing for an ombudsman role to raise issues and concerns of rail customers (particularly low volume customers in industries important to the state economy) and communities. The objective would be to coordinate responses in cases in which multiple customers/communities have the same or similar issues. The State would provide a high-level individual to meet regularly with the Class I carriers at a management level to air issues and discuss potential solutions. This would also facilitate coordination in cases where the solutions will need to involve both Class I

carriers. The mechanism for providing this ombudsman role would need to be coordinated with a proposed new governance model for state rail programs (see Section 3.0 of this technical memorandum).

## **Develop State Priorities for Regional and National Rail Policy Discussions and Project Planning**

Rail issues and problems in Washington State often transcend state boundaries. Solutions may need to be coordinated with actions of other states. In addition, there is growing interest at the national level in rail capacity problems and the potential for developing a national rail policy. Washington State should take an active role in influencing the development of national rail policies and programs. The American Association of State Highway and Transportation Officials (AASHTO), the congressionally-mandated National Surface Transportation Policy and Revenue Study Commission, and Congress, as it takes up renewal of the national transportation program, are trying to establish forward-looking national policies and visions for the rail system. Washington State should participate in this process. It should use the evaluation procedures recommended in this study to begin to identify projects of national and regional significance. And it should organize the key stakeholders in the State through a rail forum to craft a statewide strategy for advocating for appropriate national and regional policies and programs that will support these projects of regional and national significance. There are a number of examples of public-private, multistakeholder forums that provide examples of how this could be done (for example, the Freight Round Table of the Puget Sound Regional Council (PSRC) and the Freight Advisory Committee in Oregon). This approach to working together to advocate for programs of common interest could also foster greater cooperation on issues in Washington State.

### **■ 4.0 Organization of a Rail Forum**

As noted in the Introduction, there a number of different formats that could be appropriate for an ongoing rail forum and the right format may vary depending on the role and function. Based on the types of functions that were outlined in Section 2.0, there will need to be more than one such forum to meet all of the outlined needs. These different approaches would best be coordinated by a single rail governing entity.

#### **A New Governance Structure for State Rail Programs**

The State should designate a single entity to coordinate and direct the State's participation in the preservation and improvement of the rail transportation system. This entity should have the authority to negotiate directly with the railroads and should be responsible for establishing the various different structures for a rail forum that would address the functional needs described in Section 2.0.



The responsibility for oversight and management of Washington State's rail programs and investments is divided among WSDOT, the Freight Mobility Strategic Investment Board (FMSIB), the Washington Community Economic Revitalization Board (CERB), and the Washington State Utilities and Transportation Commission (UTC). Each has a knowledgeable and effective staff, and each carries out its mandates effectively; however, the lack of a central point of contact and coordination makes it difficult for businesses, communities, and the railroads to deal with the State, and in some cases weakens the State's negotiating position.

This situation exists in many states and only now is becoming a significant problem as states move to deal with increasingly congested freight transportation systems and insistent demands from businesses and communities that they create more comprehensive policies and undertake larger investment programs.

Some states have moved to address the problem by organizing cross-agency policy committees, or by designating a single entity or position, such as an undersecretary of transportation, to coordinate state policies and programs and negotiate with shippers and carriers.

Having a single entity coordinate all of Washington State's rail activities would give the State the ability to implement many of the functions of the rail forum more effectively including the following:

- Represent the interests of multiple stakeholders in negotiations with rail carriers more effectively than would individual stakeholders themselves;
- Develop strategic packages of projects and actions across the State that would effectively promote state interests and be more attractive to the rail carriers than dealing with projects on a case-by-case basis;
- Represent the interests of multiple communities in resolving common rail issues; and
- Work more effectively with partners in other states and at the national level.

Whether the state legislature ultimately chooses to adopt a model that creates a high-level position with the DOT, a new independent agency, or a position within the Governor's office, the entity should include oversight over both freight and passenger rail systems to ensure a coordinated systems approach to addressing issues and identifying solutions. It must also provide adequate scope and authority to represent the interests of the State in direct negotiations with the carriers, the Federal government, and other states. With the creation of this new governance model, the new entity should be responsible for planning and implementing the rail forum, and should create the different components and structures needed to satisfy the wide range of functions called for in this technical memorandum.

## Structural Issues and Options for Rail Forum

In thinking about the structure of a rail forum, a number of options should be taken into account:

- What types of issues can and should be conducted as part of an open public forum with a wide array of different stakeholder groups involved?
- What types of meetings should be help with local operating personnel from key national companies (carriers and shippers), and what types of meetings will be needed with higher-level executives from headquarters organizations?
- What types of meetings are appropriate for multiparty talks vs. one-on-one negotiations?

We recommend three separate types of rail operations forums.

1. **Open public meeting** – This type of forum could be patterned after the PSRC’s Freight Round Table. These meetings would focus on sharing information more than they would be on decision-making. These would include regular meetings (at least quarterly) at which the following types of topics could be discussed:
  - a. Announcement of plans related to new services, changes of operations, or new programs.
  - b. Discussion of proposals from carriers, customers, port/rail districts, or the state for new projects and operating plans.
  - c. Discussion of joint projects involving multiple parties.
  - d. Discussion of state priorities for positioning the State in regional and national rail programs.
2. **Local operations meetings** – This type of meeting would be similar to the types of meetings the passenger program already conducts, but could include a broader range of topics and participants. Because different entities have different levels of interest and responsibilities for operations around the State, we recommend that a series of these groups be formed around key corridors in the State and that they include provision for participation by third-party operators and short lines, as appropriate. Topics that would be appropriate for discussion in these meetings would include:
  - a. Discussion of operating plan changes in the corridor;
  - b. Identification and planning of joint operations opportunities;
  - c. System performance reviews and problem solving; and
  - d. Discussion of potential investment plans and joint public-private investment opportunities.
3. **Private one-on-one meetings on a regular basis with headquarters staff at each of the Class I railroads operating in the State** – A standing set of meetings, perhaps once

or twice yearly, between the director of the new state rail entity and key operations and strategic planning executives at each Class I railroad should be conducted to review Class I investment plans and public-private partnerships. This would also be an appropriate opportunity to bring in staff from the railroads' intergovernmental affairs groups to discuss major policy issues at both the state and national level.

- a. Discuss operating plan changes;
- b. Joint operations opportunities;
- c. System performance reviews and problem solving; and
- d. Investment plans.

## ■ 5.0 Conclusions

As described in this technical memorandum, there are a wide range of issues that could be effectively addressed in ongoing forums involving the State, the Class I carriers, other rail operators, and other stakeholders. Given the wide range of topics that need to be discussed, there is no single format that will work for all functions; and we recommend several appropriate formats with different participants and focus. This builds on ongoing successful models that are already being used in the State's passenger rail program. Ultimately, the specific format of ongoing rail forums should be determined by a new entity that would coordinate all rail programs in the State with sufficient scope and authority to negotiate directly with the private sector and to conclude agreements, including public-private partnerships, joint operating agreements, and development of new rail policy.