Short Line and Regional Railroads: Challenges and Opportunities

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THE SHORT LINE AND REGIONAL RAILROAD INDUSTRY

- Nearly 10,000 customers
- 49 states
- Nearly 18,000 employees
- 47,500 miles of track
- $4.64 billion in revenue
- 603 short lines
- Invest 24% of revenue in capital & maintenance
- 29% of total track in U.S.

1 in 5 cars are moved by short lines
Short Line and Regional Railroads Carloads By Commodity

- Aggregates
- Chemicals
- Coal
- Grain/Food Products
- Lumber/Paper/Wood Products
- Metals/Metal Products
- Motor Vehicles
- Petroleum Products
- Trailers/Containers
- Other

- Aggregates: 3,034,017 (37%)
- Chemicals: 362,828 (4%)
- Coal: 587,784 (7%)
- Grain/Food Products: 811,205 (10%)
- Lumber/Paper/Wood Products: 1,000,072 (12%)
- Metals/Metal Products: 868,291 (11%)
- Motor Vehicles: 192,278 (5%)
- Petroleum Products: 192,278 (5%)
- Trailers/Containers: 445,285 (10%)
- Other: 421,301 (2%)

Total: 8,920,482
Short Line Railroad Miles Operated by Type

- Self-owned: 51%
- Leased: 30%
- Trackage Rights: 11%
- Government Owned: 7%
- Other: 1%
SHORT LINE CHALLENGE: Positive Train Control

How it Works:

- Using GPS, PTC evaluates train’s distance from end of authority limits
- Warning given if engineer doesn’t slow train
- PTC triggers brakes if engineer doesn’t brake to stop short of limits

BRAKING IN PROGRESS
Why PTC is so Complex

- Much of the technology did not exist before the government mandate
- Must be interoperable across all railroads
- Must relay critical operational data
- Must operate across all terrain types and calculate stopping distances regardless of weather conditions.
Where is PTC required?

1. All Class I Railroad track:
   - carrying more than 5 million gross tons annually
   - where any quantity of poisonous or toxic-by-inhalation hazardous material is carried

2. All tracks over which intercity or commuter rail passenger trains are transported

PTC on ~ 60,000 of ~160,000 miles of total track
Short Line Challenge: Truck Size & Weight Increases

• Longer & heavier trucks divert traffic from privately funded short lines onto the heavily publicly subsidized highway system.
Truck Weight Increases

91,000 pound trucks could damage 4,800+ bridges
Truck Weight Increases
Proposed 33-foot double-trailer truck, also known as the "twin 33" configuration

Current 28-foot double-trailer truck, also known as the "twin 28" configuration

Current 53-foot single-trailer truck
Short Line Opportunities: Tiger Grants

• All manner of infrastructure projects are eligible
• FY18: $1.5b
• Fierce competition

FY 2017 TIGER Grants: Investing in America’s Infrastructure

• Nearly $500 million allocated to projects with a significant impact on the Nation, a region or local community
• Awarded to 41 projects in 43 states
• 64% of TIGER funding was awarded to rural projects
• $39.18 million awarded to Tribal projects
CRISI Grants

- Consolidated Rail Infrastructure and Safety Improvements (CRISI)
- $593 million
- NOFO for 1st CRISI for FY17 out now
- Applications due June 2018
INFRA Grants

- $1.5 billion
- Large project: at least $25 million
- Small project: at least $5 million
- 10% funds reserved from small projects
- 25% awarded to rural projects
Section 45(g): Short Line Tax Credit
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American Short Line and Regional Railroad Association

Celebrating a Century of Connections