



# Rail Development Commission

Talking Freight Webinar  
October 16, 2019

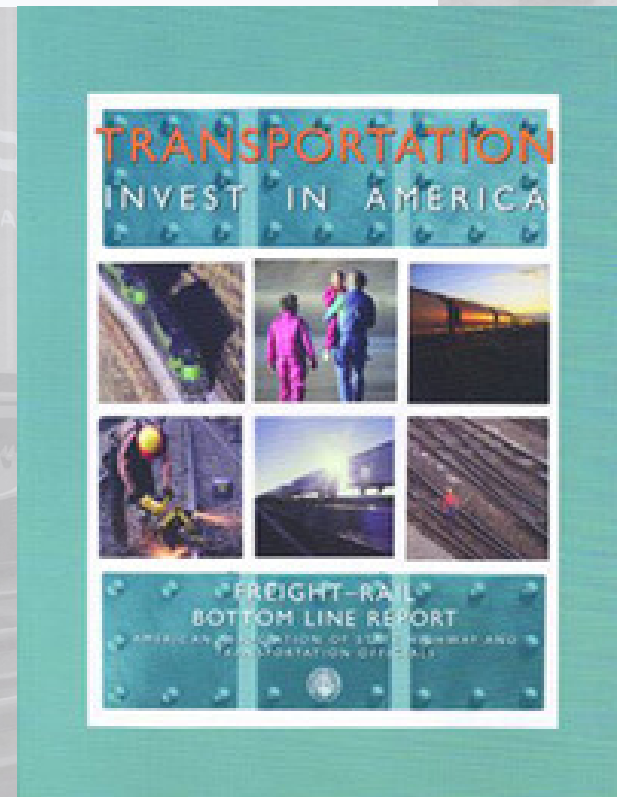
# Freight-Rail Bottom Line Report

Published in 2002 as a series of AASHTO reports.

Performed by Cambridge Systematics

Findings

- “Relatively small public investments in the rail system can be leveraged into relatively large public benefits for highways, highway users, and freight shippers.”
- “Market forces will continue to pressure the rail industry to streamline and downsize, to maximize revenues, and to minimize capital costs.”





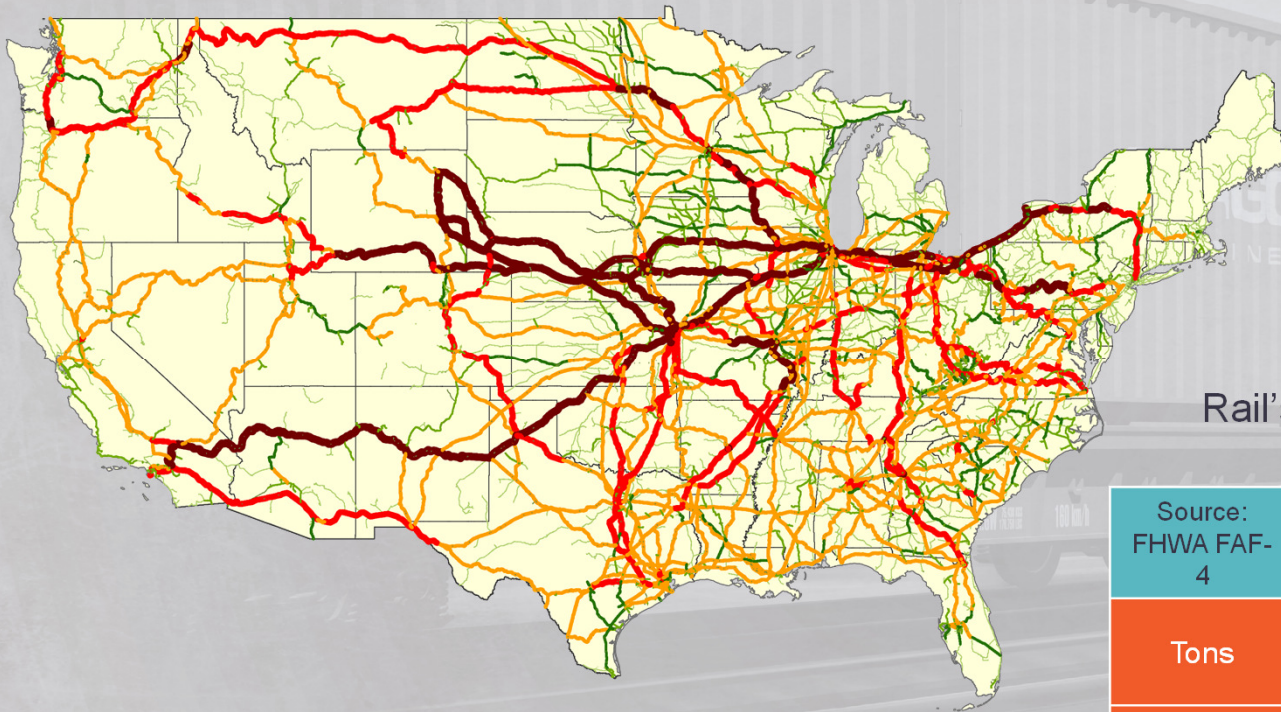
**2018** **FREIGHT RAIL**  
BOTTOM LINE REPORT

AMERICAN ASSOCIATION  
OF STATE HIGHWAY AND  
TRANSPORTATION OFFICIALS

**AASHTO**  
*Council on Rail Transportation*

**SOLVING MULTIMODAL FREIGHT NEEDS THROUGH RAILROAD PARTNERSHIPS**

# Freight Rail Supports Industries throughout the Country



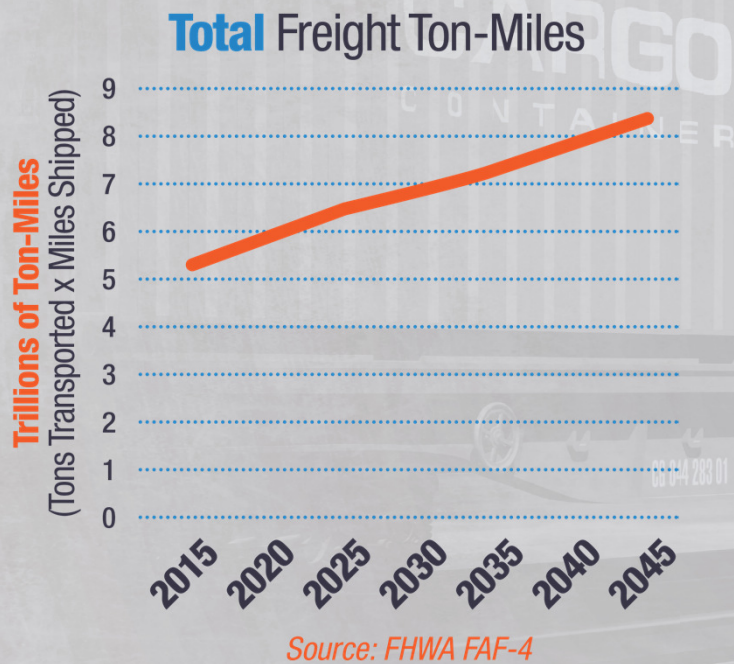
**Density of Active US Rail Network**  
Million Gross Tons (MGT)

- < 5 MGT
- 5-10 MGT
- 10-50 MGT
- 50-100 MGT
- > 100 MGT

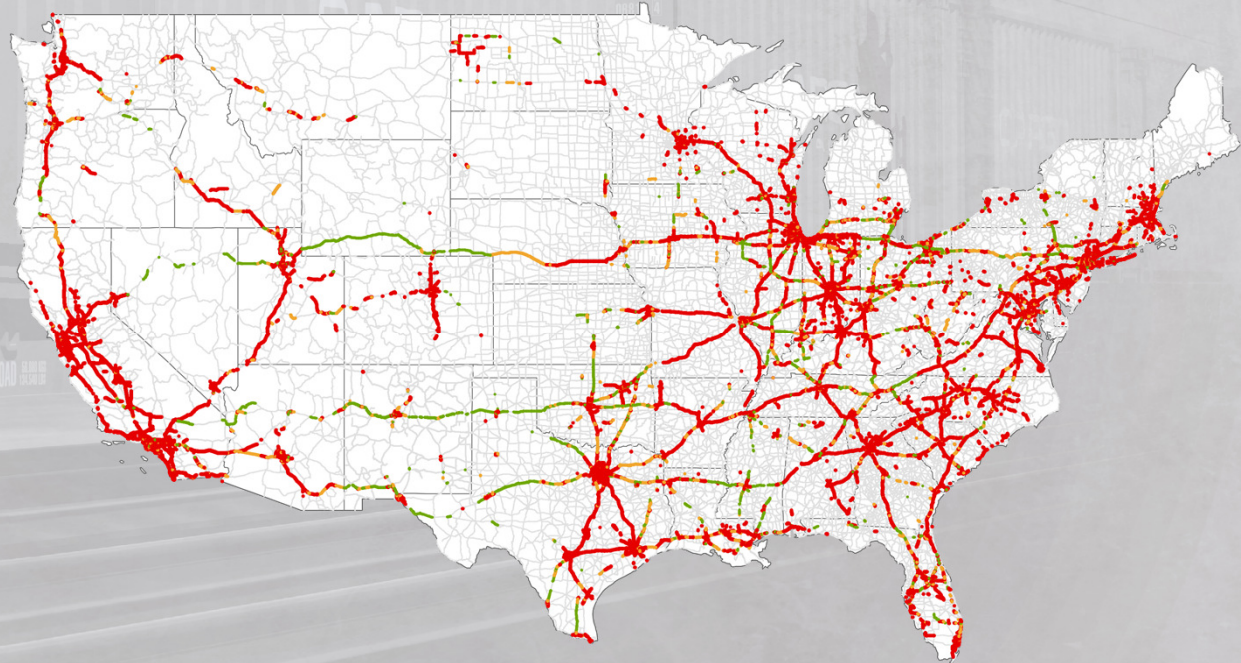
## Rail's **Modal Share** for Industries that **Rely Heavily** on Rail

Source: FHWA FAF-4	Coal	Cereal Grains	Metallic Ores	Fertilizers	Basic Chemicals
<b>Tons</b>	63%	19%	52%	31%	28%
<b>Ton-Miles</b>	88%	57%	55%	54%	52%

# Freight is Expected to Grow 60% between 2015 and 2045, and Our Highways are Becoming More Congested



## Peak Period **Congestion** on **High Volume** Truck Corridors: 2045



# Rail Reduces Highway Congestion & Generates Significant Public Benefits

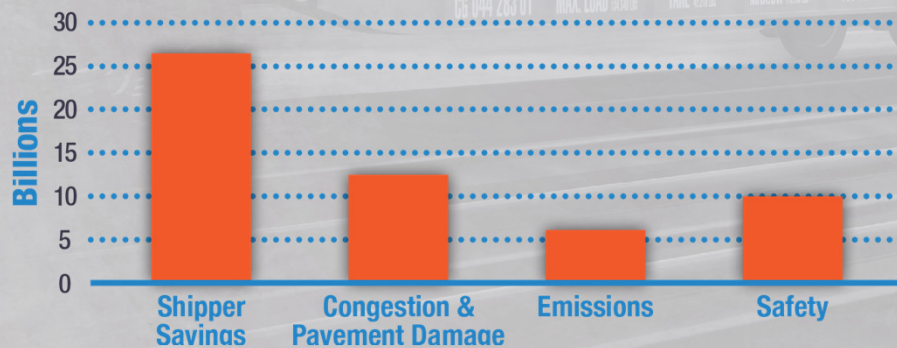
The **average freight train** carries the equivalent of over **170 truckloads** of freight

$$\{ 1 \times \text{Train Icon} = 170 \times \text{Truck Icon} \}$$

The average mile of rail carries **18 times the freight** of the average mile of roadway

$$\{ 1 \times \text{Rail Mile Icon} = 18 \times \text{Road Mile Icon} \}$$

Public Benefits from **Shifting 1% of Truck Ton-Miles to Rail**



Moving just **1%** of Truck Ton-Miles to Rail generates over

**\$55B**

in benefits over 30 years

# Rail Infrastructure Needs Vary Based on Needs of Shippers and Service

## MANIFEST



e.g. steel, manufacturing, building supply

## UNIT TRAIN



e.g. coal, grain, crude oil, ethanol

## INTERMODAL



e.g. retail, automotive

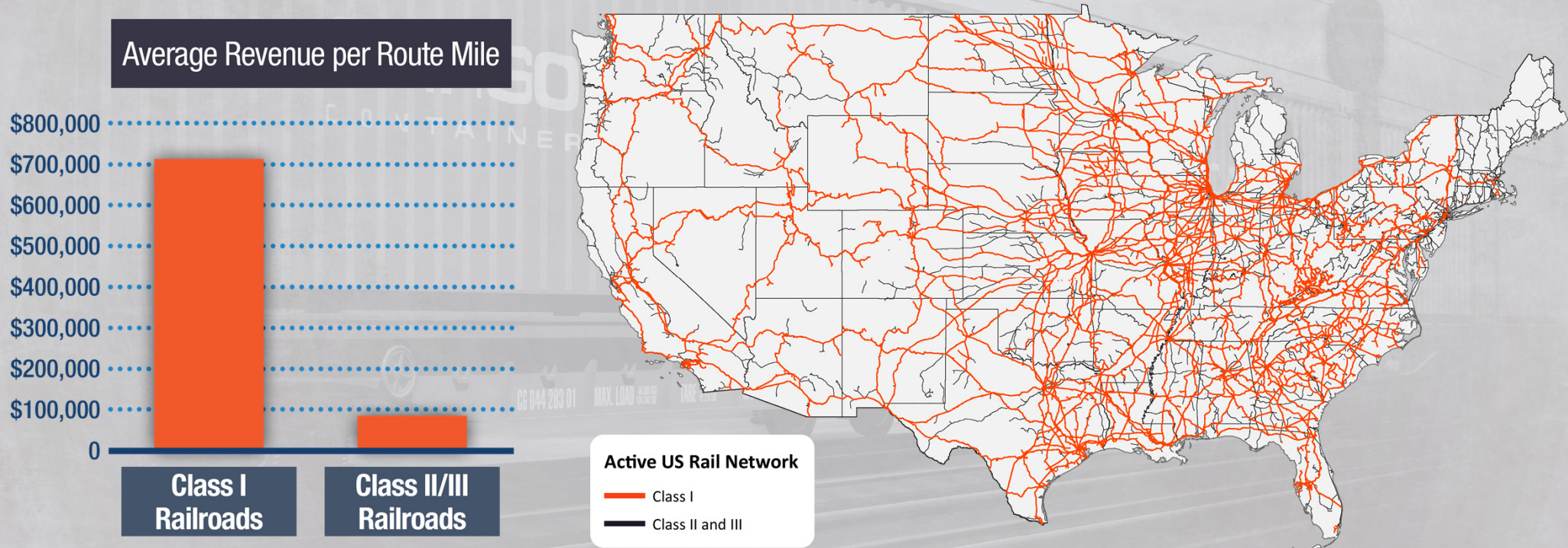
## Project Types that Address Priority Needs

- Corridor preservation, small railroad improvements
- Better mainline access, improvements to sidings and spurs
- Additional transload facilities
- Facilities that aggregate demand and share industrial access such as industrial parks
- Yard improvements
- Mainline capacity expansions

- Unit train loading facilities
- Competitive access at industrial sites or through short line railroads with access to multiple Class I railroads
- Low density rail lines that can accommodate unit trains of 286,000 pound railcars
- Mainline capacity expansions

- Intermodal terminals, terminal capacity improvements
- Clearance projects
- Improved access to terminals
- Mainline capacity expansions
- Better access to terminals

# Small Railroads Have Lower Revenues, and Few Resources for Needed Improvements



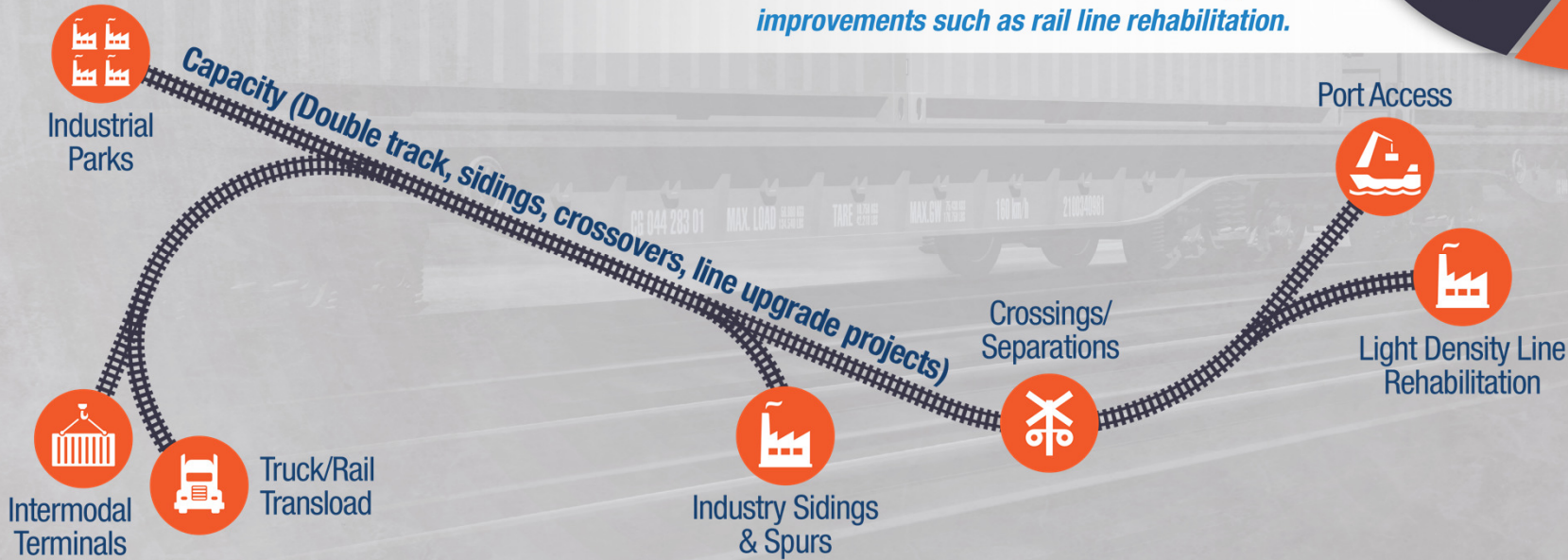
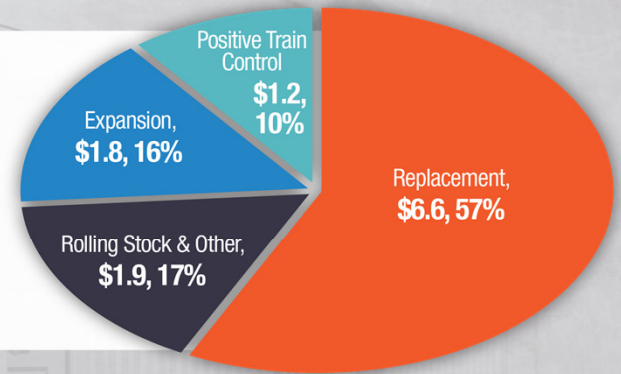
Small Railroads (Class II and Class III per U.S. Surface Transportation Board) perform a gathering and distributing function, moving freight between local shippers and large (Class I) railroads that carry products to and from other parts of the country, port facilities, Canada or Mexico.



# The Public Sector Funds and/or Finances a Broad Range of Freight Projects

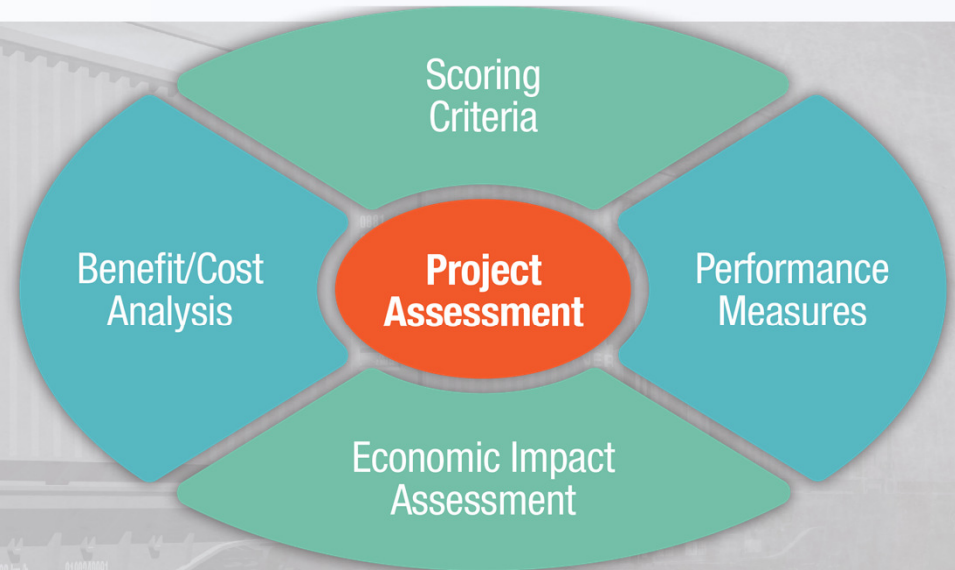
Class I Railroads and Genesee & Wyoming, Inc. Estimated 2017 Capital Expenditure Program (\$Billions)

*About 16 percent of railroad industry capital spending is for expanding capacity and/or serving new customers. Most public/private partnership opportunities with large railroads are expansion projects. Public/private partnership opportunities with small railroads include a wider range of improvements such as rail line rehabilitation.*



# States and Other Public Agencies are Informed Investors

» Public sector funding or financing is only justified if public benefits exceed public expenditures. A variety of methods are used to assess public benefits. In many cases, multiple evaluation approaches are combined to develop an overall project assessment.

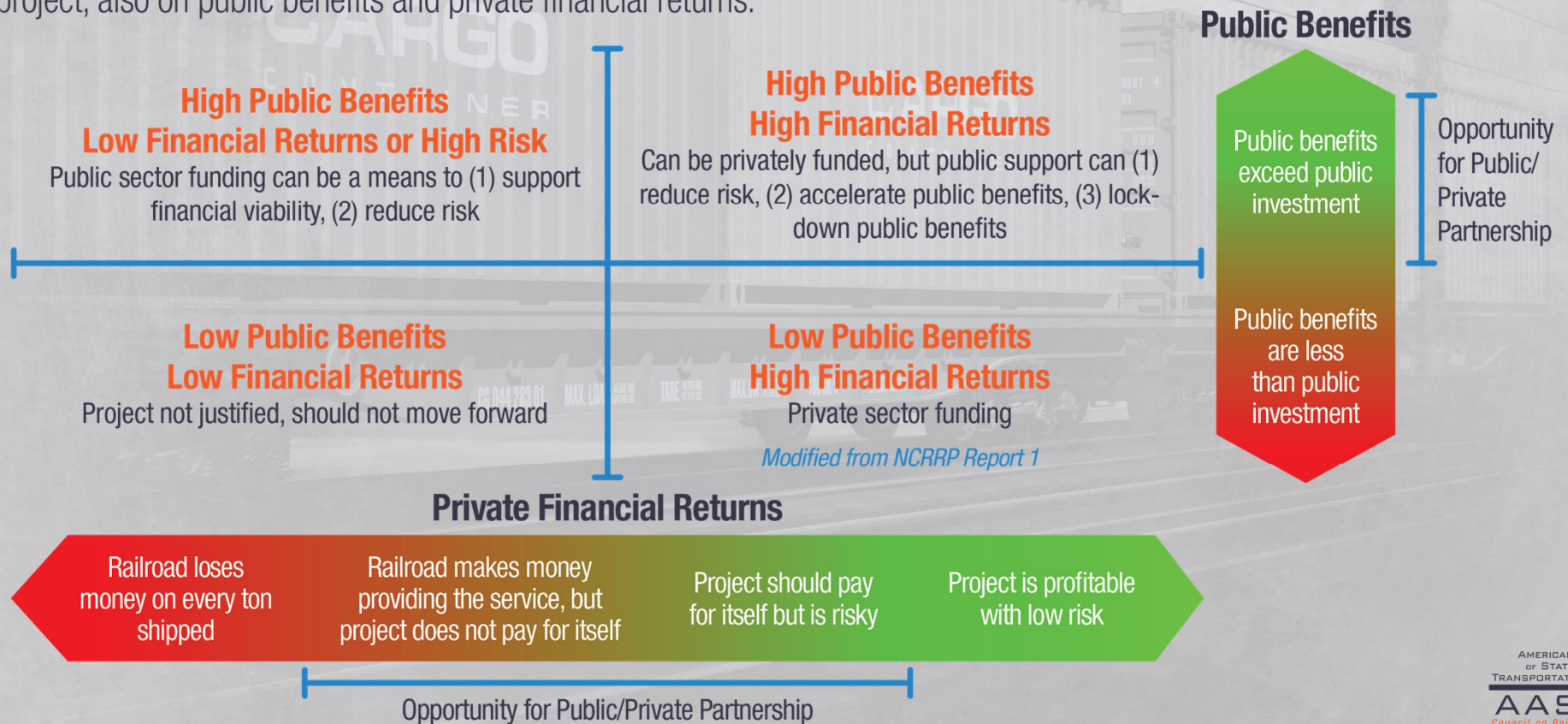


A number of agencies at the federal, state, and local level can fund or finance freight rail projects

FEDERAL	STATE	LOCAL
<ul style="list-style-type: none"> <li>• Department of Transportation</li> <li>• Economic Development Administration</li> <li>• Department of Agriculture</li> <li>• Environmental Protection Agency</li> <li>• Partnership agencies such as the Delta Regional Authority</li> </ul>	<ul style="list-style-type: none"> <li>• Departments of Transportation</li> <li>• Economic Development Agencies</li> <li>• State Port Authorities</li> </ul>	<ul style="list-style-type: none"> <li>• Municipal Governments</li> <li>• County Governments</li> <li>• Port Authorities</li> <li>• Economic Development Agencies</li> <li>• Regional Councils</li> </ul>

# Role of Public Investment Depends Upon Public Benefits and Private Financial Returns

Whether public sector involvement in a freight rail project is justified depends not only on the type of railroad and the type of project, also on public benefits and private financial returns.



*Freight Rail Partnerships  
Deliver for America*

THANK YOU

AMERICAN ASSOCIATION  
OF STATE HIGHWAY AND  
TRANSPORTATION OFFICIALS

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