

Freight Railroad Preservation Program (Wis. Stats. 85.08 & 85.09)

Program Overview

- The Wisconsin Rail Preservation Act of 1977 first authorized WisDOT to acquire abandoned railroad lines and fund rehabilitation in response to extensive abandonments throughout the state.
- Statute 85.08 authorizes WisDOT to provide freight railroad assistance through grants and loans.
- Statute 85.09 authorizes WisDOT to acquire rail property and gives the state the first right to acquire.
- Since 1979, WisDOT has spent more than \$300 million to fund railroad corridor acquisitions and rehabilitations.
 - WisDOT currently owns 594 miles of active rail lines.
 - Most WisDOT acquisitions have occurred to preserve existing freight service on the lines; some segments have been acquired to preserve connections to other railroads, future reactivation, and future passenger rail service development.
- WisDOT's governance of freight railroad operations on state-owned corridors is described as a "three-legged stool" due to the three-way partnerships WisDOT has with rail transit commissions (RTCs) and the tenant railroad operators (Wisconsin & Southern Railroad and Wisconsin Great Northern Railroad).

Program Funding

- State statute 85.08 authorizes freight railroad assistance loans and grants for acquisition, repair, rehabilitation, and improvement. State statute 85.09 authorizes the state to acquire freight railroad property.
- The Department budget request for FRPP for SFY 2019-21 includes no increase in authorized freight railroad bond funding (Approp. 907) and no segregated funding (Approp. 293).
- All railroads are eligible for FRPP assistance provided they accept a lien on funded improvements.
- The state's railroad ad valorem tax revenue was \$40,764,535 in FY 2018. Railroad tax revenue accrues to the Transportation Fund and funds FRPP, passenger rail, and highway crossing safety improvements.
- MAPSS measures indicate that 76.8 percent of track met the FRA Class 2 track safety standard, while 80.3 percent of structures are now capable of carrying 286,000 pounds at 25 mph.
- Once a bridge or a segment of track is rehabilitated with state funds, by agreement the railroad operator is responsible for maintaining these facilities at the level to which they were improved. WisDOT's long-term capital plan includes a gradual reduction of state funding as lines are rehabilitated and bridges are replaced. WSOR's long-range capital plan confirms this.

Challenges

- WisDOT has estimated a FRPP project backlog totaling \$99 million, resulting in up to \$79.3 million FRPP grant funds. Backlog projects have been identified through WisDOT's analysis of the long-range capital plans of the operating railroads and other FRPP stakeholders.
- The Northwoods counties served by CN have identified service concerns. CN has gradually reduced service frequency and increased rates since it acquired Wisconsin Central, Ltd (WCL) in 2001. These rate increases were due to the expiration of numerous long-term contracts with shippers that CN carried over from the WCL acquisition. CN justifies the increased rates to cover their costs of operation and maintenance. CN has also discontinued service on lines in Ashland, Forest, Oneida, Price and Rusk counties.
 - Service reductions on several northern lines, have resulted in a shift from rail to truck for the forest resource and paper industries and resulting in a large increase in overweight trucks on state highways and notable damage to local roads (according to BHM).

Transportation Stakeholder Task Force



- It is anticipated that additional CN service reductions will gradually bring more stress to the forest resource and paper industries, and that CN will eventually abandon several branch lines.
- CN's Midwest log car fleet, acquired from WCL, are beginning a wave of age-enforced retirements. The Northwoods RTC recently applied for FRPP funding to acquire log cars; this application was rejected due to the FRPP statutory requirement of funding fixed assets only. Even if funding of rolling stock could be accomplished through a new statutory authorization, there would still be challenges with asset tracking, management, and ownership.

Policy and Budget Opportunities

- \$30 million of funding (bond and/or SEG) would address the FRPP needs backlog by supporting the rehabilitation of approximately 65 miles of track and more than 25 bridges.