

**Summary Report from
Roundtable on Freight Rail Investment**
September 11, 2018 1-3 PM
Miami, Florida



The Build America Transportation Investment Center (BATIC) Institute: an AASHTO Center for Excellence held a Roundtable on Freight Rail Investment on September 11, 2018, in conjunction with the Council on Rail Transportation meeting being held in Miami, Florida. This roundtable provided a forum for state DOTs and other stakeholders to exchange ideas and best practices, and identify common challenges and opportunities in facilitating freight railroad investment for economic development.

Matt Dietrich, Executive Director of the Ohio Rail Development Commission, opened the session by providing some context for the discussion. This roundtable was developed as a continuation of conversations at prior BATIC Institute roundtables on freight rail funding and finance that have explored best practices in state planning and programming and the unique characteristics of short line railroads. This session aims to explore the perspective of private entities engaged in freight rail projects with the goal of helping public sector officials better understand the role state DOTs can play in helping facilitate these investments and promote freight related economic development.

Freight Rail Investment for Economic Development

Larry Kahn, Director of Rail Advisory Group, Cushman & Wakefield

Mr. Kahn opened by noting that there is significant market demand for rail-served sites. What are the key characteristics of a desirable rail-served site and how can public agencies facilitate investment in this area in order to foster economic development? It is important to remember that investors want to locate now, not after several years of approvals. They want a shovel-ready site with zoning in place or subject only to minor approvals and where they will not encounter significant pushback from the local community. Public agencies can add value by identifying shovel ready sites, creating a site inventory, and marketing the inventory. Mr. Kahn noted that investment is not driven by incentives, but rather the quality of the site. For states that have site certification programs, he noted that often there are important elements that are missing. It is a best practice to include as much information as possible. Having strong relationships with local power and other utility companies can facilitate data acquisition. He noted that his company can also provide information from their national database of rail served sites and he encouraged participants to reach out via email.

Discussion with roundtable participants included a discussion of how to engage railroads and get access to needed data. Mr. Kahn stated that Class I railroads pay attention to large trains and large margin items (what's the commodity and how many cars be required?). If the numbers are small, public agencies can point the potential investor toward a Class III railroad. Another participant asked how to steer small clients towards Class III railroads if they are insistent that they want Class I service. The group suggested honesty with the client that although Class IIIs often struggle to market their skills and inventory sites they will likely provide a higher level of service and responsiveness to a small client. In addition, a Class III railroad in some cases may be able to provide access to multiple Class I railroads at a lower cost.

Freight Rail Economic Development Challenges and Opportunities: a State Perspective

Tonya Crist, Owner and Project Manager, InSite

Ms. Crist emphasized that true rail served sites require more than just access to rail; they also need excess water and sewer capacity. She highlighted the Jobs Ohio website, their strategy for promoting available sites, and focus on rail as a central component of the whole state's economic development approach as exemplary. She noted that state governments can yield significant influence over key stakeholders and would do well to involve themselves early and stay involved throughout the process. If data are inaccurate or local economic development agencies struggle to get the rail provider involved the site will likely be dropped from consideration.

Key data include the site boundaries and distance to rail. If there's not a rail spur, how far is it, how long will it take to build out, and who is going to pay? These types of questions need to be answered by the public agency in advance. Other important information includes height limitations, number of trains per day/week, average number of cars per train, days of service per year, and verification of all the data via letters of certification a site visit.

Q&A discussion included the following questions and answers.

- *If rail isn't available does transloading work?* It's typically just a mitigation plan, probably not the optimal choice. If everything else works for the site they might consider transloading, but it is inefficient and expensive.
- *How can states help?* You need to be involved with the local economic development professionals to ensure the quality of data. In addition, putting the company and the railroad in the same room can be critical, especially for short lines.
- *What are the minimum specs in terms of size?* A company typically wants a site of at least 50-70 acres, 100 acres is a good minimum.
- *What if you have a great site served by a short line but they have bridges that aren't rated for 286,000 lb cars?* The site is unlikely to be selected.
- *Where's the highest and best use of limited state funds for railroads?* On the potential site with the railroad (not on ancillary projects).

Tennessee Freight Investment Selection Process

Liza Joffrion, Director of the Multimodal Division, Tennessee Department of Transportation

Tennessee's approach to freight investment is evolving toward a more collaborative approach between the state's Department of Economic Development and Department of Transportation. The state is expecting growth in urban areas that are already congested and the DOT understands the importance of shifting freight onto rail to help alleviate urban congestion. While the state has provided excellent support for industries that are already coming to the state, they have identified more gaps in the process for getting sites ready for investment – in particular, gaps in information from local economic development agencies. The DOT now provides a property evaluation program that lets local economic development professionals send in potential sites and the program will evaluate and potentially certify them to improve marketability. In addition, the GIS staff in the long range planning division are putting together a high level screen of site suitability as a tool to help coordinate state agencies charged with

economic development, serve as a conversation starter to promote information sharing with local agencies, and to help get key stakeholders to the table to bring more sites up to a marketable status. In the future, TDOT hopes to use the tool to look at each short line railroad and meet with rail authority board members to discuss where they might want to target investments.

Discussion with roundtable participants focused on best practices for gathering and validating data. It was noted that private investors value agencies that consistently provide reliable data and that helping local professionals understand what information is needed and the critical need for reliable data is a best practice.

Available Funding and Financing Tools

Leo Wetula, Project Development Lead, USDOT Build America Bureau

Mr. Wetula provided a brief overview of Bureau and other USDOT products relevant to rail and transit oriented development projects including RRIF and TIFIA, private activity bonds, and certain grant programs. He also described the role of the Build America Bureau, which serves as a central point of contact for project sponsors. In response to questions from the roundtable participants, he noted that they can help coordinate federal communication / participation with a potential project. The USDOT is very focused on getting to one federal decision point and he noted that an important factor is which agency is the NEPA lead. He encouraged project sponsors to reach out to the Bureau early in their development process.

Roundtable Participants

NAME	ORGANIZATION
Benge Muten	
Colena Ahrens	
David Dorfman	
Jennifer Macdonald	AAR
Anna Bosin	AASHTO
Glenn Page	AASHTO
Susan Howard	AASHTO
Rina Cutler	Amtrak
Robert Henderson	Bentley Systems
Danielle Rinsler	Build America Bureau
Leo Wetula	Build America Bureau
Robert Card	Connecticut Department of Transportation
Fred Wise	HNTB
Jamie Rennert	Federal Railroad Administration
Stephen O'Connor	Federal Railroad Administration
Kathrin Tellez	Fehr & Peers
Scott Allbritton	Florida Department of Transportation
Charles Hunter	G&W RR Services, Inc.
Jerry Vest	G&W RR Services, Inc.
Joe Arbona	G&W RR Services, Inc.
Chet Welch	Georgia Department of Transportation
Beth McCluskey	Illinois Department of Transportation
John Oimoen	Illinois Department of Transportation
Phil Meraz	Iowa Department of Transportation
Juan Flores	Jacobs Engineering
Shawn Wilson	Louisiana Department of Transportation and Development
Bryan Grote	Mercator Advisors
Catherine Reddick	Mercator Advisors
Nicole Johnson	Michigan Department of Transportation
Dan Krom	Minnesota Department of Transportation
Peter Dahlberg	Minnesota Department of Transportation
Josh Stubbs	Mississippi Department of Transportation
Matt Dietrich	Ohio Rail Development Commission
Tom Burns	Ohio Rail Development Commission

John Rosacker	Oklahoma Department of Transportation
Anne Canby	One Rail Coalition
Libby Ogard	Prime Focus LLC
Liza Joffrion	Tennessee Department of Transportation
Allan Rutter	Texas Transportation Institute
Camille Sumners	Transportation Research Board
Velvet Basemen-Fitzpatrick	Transportation Research Board
Eric Peterson	Transportation Research Board/ American Public Transportation Association
Robert Mariner	Tylin
Jeremy Latimer	Virginia Department of Rail and Public Transportation
Alex King	WSP