

Palouse River & Coulee City (PCC) Rail System Strategic Plan

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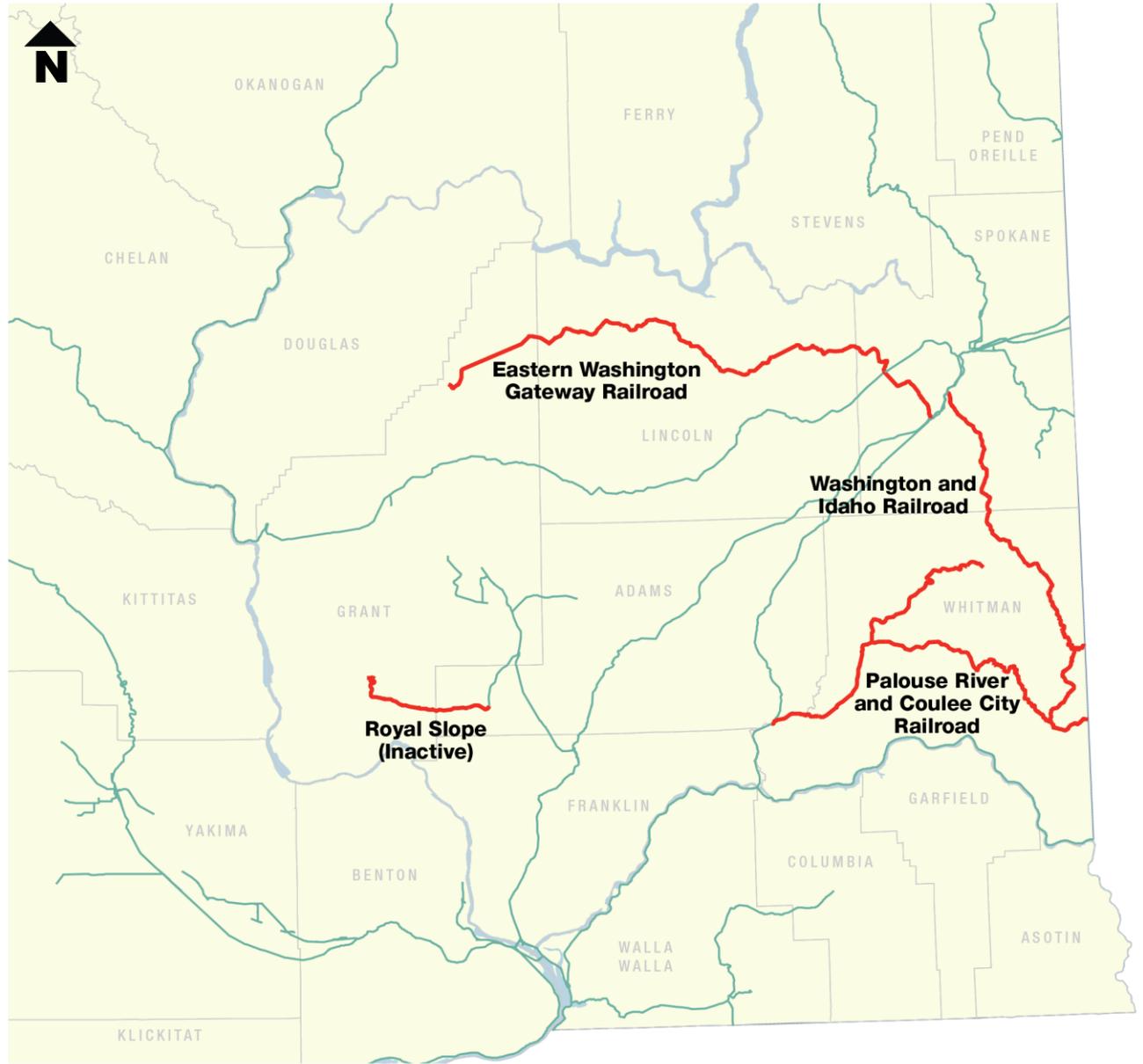
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Washington State owns the PCC Rail System and the Royal Slope Railroad

Ownership

- WSDOT
- Other rail lines



The PCC Rail System

- Is a 297-mile rail line comprised of three separate branch lines spanning four eastern Washington counties.
- 20 percent of Washington-grown wheat was shipped on the PCC Rail System in 2013.
- The PCC Rail System was responsible for removing 37,000 truckloads from Washington state roadways in 2013.
- Commodities shipped by rail include wheat, barley, legumes, crop inputs, liquid propane gas and lumber.
- The State is investing nearly \$8 million in the PCC Rail System in 2013 – 2015.



Why are the PCC Rail Authority and WSDOT developing the PCC Rail System Strategic Plan now?

Economics of moving wheat in Eastern Washington is changing:

- BNSF is requiring shippers to achieve greater efficiency and faster loading times.
- Shippers have invested or plan to invest nearly \$100 million in facilities located along PCC Rail lines.



What are the Key Deliverables of the PCC Strategic Plan?

The PCC Strategic Plan will:

1. Recap past investments that have been made in the system.
2. Highlight the public benefits to the state of having retained the PCC's rail assets and provide a justification for continued, programmatic investment.
3. Provide information about the private investments that are being made to improve existing rail loading facilities and to build new facilities along the PCC.
4. Analyze the PCC rail system's strengths, weaknesses, opportunities and threats (SWOT).
5. Provide both policy recommendations and an unconstrained, 10-year list of unfunded capital project priorities for future consideration.

What is the Condition of the PCC Rail System?

The combined investment by railroad operators and the state has not kept pace with the PCC system's maintenance and preservation needs.

- Crossties – Twenty-four percent of the system's ties - 220,000 ties - are in poor or defective condition.
- Bridge condition – There are 157 bridges in the PCC system and many of them were constructed between the 1930s and the 1960s. The poor condition of some bridges has resulted in decreased operating speeds and an increased need for inspections in order to maintain safe operations
- Rail condition – Thirty percent of the PCC rail lines are only operational up to 10 miles per hour. Some of the rail is light weight and some is old enough to have developed defects that may cause breakage and train derailments.



What are the Benefits of the PCC Rail System?

- The PCC provides a vital transportation option in one of the most productive wheat growing regions in the world: eastern Washington.
- Washington's wheat farmers and co-ops rely on the PCC freight rail system to keep their total cost of transportation low enough to be globally competitive.
- Grain shippers and their co-ops have made or are on the verge of making nearly \$100 million of investments in upgrades to private rail loading and storage facilities located on the PCC.
- By reducing truck trips and the number of miles trucks travel on eastern Washington roads, the PCC has reduced maintenance costs, particularly to the county road system.
- Other freight-rail-dependent firms find property along the PCC to be an attractive option to develop and grow their businesses.

What are the Findings of the PCC SWOT Analysis?

- **Strengths** – Shippers have proven their commitment to using the PCC by doubling carloads during the first five years of state ownership, and making significant private investments in their facilities along the line. Local support for the system remains high.
- **Weaknesses** – Deferred maintenance and the lack of funding for long-term capital needs is the most significant weakness of the PCC System. Slow speeds result in high operating costs and an inability to transport modern, heavier railcar equipment.
- **Opportunities** – The continued growth of carloads on the PCC represents the brightest opportunity. Emerging plans to develop adjacent property in Spokane County may provide additional carload revenue and help diversify the commodities carried on the PCC.
- **Threats** – The mainline railroads control pricing for PCC system users and operators; their pricing influences the level of investment PCC operators are able to make in maintenance. The growth of mainline rail traffic will impact both the service levels PCC operators can provide and the rates they charge.

How Has the Public Responded to the Draft Plan?

- WSDOT held PCC Plan working sessions on the PCC SWOT analysis in Ephrata, Spokane and Clarkston in fall 2014. WSDOT has also met individually with dozens of stakeholders to better understand their needs and issues.
- Several themes emerged from the public comments:
 - WSDOT and the PCC Rail Authority should do more to communicate the benefits the PCC provides to eastern Washington and the state.
 - Consistent state funding to maintain and improve the PCC would enable the state, shippers and rail operators to better plan investments. It would also better enable the PCC to meet the Legislature’s economic development goals (RCW 47.76.240).
 - As the primary beneficiaries of the rail system, shippers need to participate by funding maintenance and preservation needs of the system.
 - WSDOT should consider alternate uses for rail right-of-way when proposing rail-banking unused segments of the PCC.

What are the Draft Recommendations in the PCC Strategic Plan?

- Rail-bank sections of the PCC where there is no current or future demand for service.
- WSDOT and the PCC Rail Authority should more closely partner with local leaders to advance economic development initiatives.
- WSDOT should develop a policy that provides a basis to determine when segments of the PCC would be better served by private ownership.
- A stable source of state funding is needed for capital projects that will rehabilitate critical infrastructure and support the use of modern rail cars.

What are the Next Steps to Complete the PCC Strategic Plan?

- **December 17, 2014** PCC Rail Authority Meeting & Working Session in Davenport, Washington
- **January 9, 2015** Public comment period opens
- **February 15, 2015** Public comment period ends
- **Early March 2015** The PCC Strategic Plan adoption by WSDOT and the PCC Rail Authority

We invite you to review the draft plan at
www.wsdot.wa.gov/freight/rail/pccplan.

We're very interested in your feedback.

Questions?

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