



May 2004
Volume 2, Issue 1

Inside this Brief

- **History**
- **Today's Freight System**
- **Funding Rail Improvements**
- **Today's Passenger System**
- **Amtrak**
- **Oregon Rail Division**
- **Commuter Rail Initiatives**
- **Staff and Agency Contacts**

Legislative Committee Services
State Capitol Building
Salem, Oregon 97301
(503) 986-1813

Background Brief on...

Freight and Passenger Rail

Prepared by: Janet Adkins

History

Oregon's first north-south rail line required two decades to complete, beginning in 1869 in Portland. Track reached Salem in 1870 and Roseburg in 1872. Federal land grants financed the early track building. Track did not reach Ashland until 1884. Construction continued over the Siskiyou Mountains into California by 1887. Meanwhile, completion of a railroad along the Columbia River gave Oregon a transcontinental connection in 1883. Track mileage in the state peaked in the 1930's at nearly 4,350 miles. More than 90 percent of the track in 1927 offered passenger as well as freight service, including eleven daily passenger trains between Portland and Eugene. Passenger trains served Medford into the 1950's. Other milestones include the formation of Amtrak in 1971, national deregulation of freight rates and routes in 1980, and acquisition of the Southern Pacific by the Union Pacific in 1996.

Today's Freight System

Oregon currently has 2,400 miles of active track and 21 operating railroads. Two are Class I railroads, the Union Pacific (**UP**) and the Burlington Northern & Santa Fe (**BNSF**). One UP line runs from Portland east through Pendleton, La Grande, Baker City, and Boise. The other UP line runs from Portland south through Eugene and across the Cascades to Chemult, Klamath Falls, and into California on former Southern Pacific track. The BNSF serves Albany in the Willamette Valley and has a main line south from the Columbia River through Central Oregon into California that uses the UP line between Chemult and Klamath Falls. The UP operates on 1,109 miles of track in the state, and the BNSF on 407 miles.

Oregon's 19 other active railroads are "short lines," which operate more than half the active track in the state. They branch out from the main lines, serving the lower Columbia, coastal areas, Medford/Ashland, and several rural areas of the state. Much of today's short line track is former branch line of the Class I railroads, spared the fate of other lines that were abandoned following mill closures and rail deregulation in 1980. The longest short lines today are the Portland & Western, operating on 517 miles, and the Central Oregon and Pacific on 387 miles in southwestern Oregon.

Total Oregon rail freight tonnage in 1999 was 63.4 million tons, up 50 percent since 1984. Principal commodities hauled on trains are wood/paper products, farm-related products and chemicals (largely soda ash or potash), although transportation equipment, petroleum, metals products, stone, scrap materials, and varied wholesale and retail shipments are also hauled. Freight originating in Oregon is largely lumber, wood, pulp, or paper, and terminating in Oregon is largely chemicals or farm products. Condition of Class I main track is generally good, but the number of trains that can be

safely and efficiently carried depends on several factors including signal systems, the length and intervals between sidings. Sidings, where trains pull off to allow passing are critical since lines are mostly single track. Modernization of rail yards is also needed, and some tunnel clearances do not allow passage of double stacked domestic containers.

The traffic on short lines has grown substantially in recent years as operators have improved service, upgraded track and equipment, and added customers. A sizable portion of short line mileage will not permit 25 mile per hour freight speed, the state's minimum goal for branch line operation because of deferred maintenance under previous ownership. Track conditions on some short line segments necessitate lighter loads in addition to slower speeds. Because new rail cars can weigh up to 286,000 pounds when fully loaded, line segments incapable of hosting heavier vehicles discourage customers if they must load cars below capacity. The Oregon Department of Transportation (**ODOT**) estimates that Oregon's short lines would need at least \$230 million to upgrade to track and bridges for safe and cost-effective passage of new equipment.

Most Oregon businesses that ship by rail, whether located on a major railroad or short line have access to only one of the state's two Class I railroads. This lack of competition is of concern to shippers and the short lines.

A recent study commissioned by the Port of Portland, *Freight Rail and the Oregon Economy*, indicates that although the rail industry is stable, productive, and competitive enough to increase business, railroads are not in the financial position to increase capacity quickly due to the capital intensive nature of the system's ongoing needs. On average, railroads reinvest 18 percent of revenues back into improvements. With reasonable economic growth, total freight is expected to double in the next 20 years. If railroads are not able to maintain their current share of that increase, the study notes, additional tonnage will travel by truck, increasing public-sector costs for highways and private-sector costs for transportation.

Funding Rail Improvements

Aside from four publicly owned short lines, Oregon's railroads are private companies that pay federal, state, and local income taxes as well as property taxes assessed on their rights of way, cars and locomotives. All railroads, whether public or private, maintain their equipment, track, and right of way. They all pay state

fees for track and equipment safety inspections and for rail crossing infrastructure.

Both federal and state highway funds support rail crossing improvements, but very little federal money has been allocated to the states for other track improvements. The exception is a federal loan program and congressional earmarks. Railroads pay a 4.3 cent per gallon federal diesel tax, but the revenue currently goes toward deficit reduction, not to railroad infrastructure.

Although federal rail programs are included in six-year transportation authorization bills, funding generally comes through "earmarking" for specific projects. The 2002 federal transportation appropriation included \$2 million for the Portland-Astoria line and \$1.7 million for the Lake County Railroad serving Lakeview. The federal bill currently under consideration is anticipated to provide funding for an Albany trestle and a grade crossing in Scappoose.

In 2001 the state started a \$2 million Short Line Credit Premium Account, with lottery bond proceeds to fund short line infrastructure improvements and to pay the credit risk premium required for federal loans. Nine projects were funded, and the Mount Hood Railroad obtained a \$2.6 million federal loan, with state dollars paying the credit premium. The nine projects entailed replacement of ties and track, placement of ballast rock, and repair of bridges. The short lines provided an average of 67 percent match for the improvements.

The 2003 Legislature continued the short line rehabilitation program and funded a new \$8 million Industrial Rail Spur program to create or improve rail access to industrial sites

Today's Passenger System

Oregon is currently served with passenger train service by the daily Amtrak *Coast Starlight*, which runs between Seattle and Los Angeles, and by two state-sponsored round-trip *Cascades* trains between Eugene and Portland that also connect to Seattle and Vancouver, B.C. The state contracts with Amtrak for operation of the two *Cascades* trains.

The state also contracts with Oregon bus companies to operate Amtrak Thruway buses to supplement the train service. The program includes routes connecting points in Central, Eastern, and Coastal Oregon with the Amtrak train stops in the valley. It also includes two daily round trips between the Portland and Eugene Amtrak stations

via Salem and Albany, connecting with other trains at Portland.

Oregon lost Amtrak *Pioneer* service to Eastern Oregon and Boise in 1997 because service reductions drastically reduced ridership without substantially reducing costs. Amtrak's *Empire Builder* still serves a section of the Washington side of the Columbia River from Vancouver to Pasco, and then on to Spokane and Chicago.

The Vancouver, B.C.-to-Eugene rail corridor is one of eleven federally designated high speed rail corridors. "High speed" refers to speeds of 125 mph or more, though top speeds on the line today are 79 mph. The locomotives and Talgo cars in operation today are designed to handle the higher speeds, but the track system is not. The stated goal of ODOT's Passenger Rail Advisory Council is to reduce the run time between Eugene and Portland from the current two hours, 35 minutes to two hours. The strategy involves incrementally improving bottlenecks along the corridor. Amtrak trains operate principally on UP mainline in Oregon. Using federal funds, the state completed major track improvements north of Union Station in Portland and a project using federal, UP, and Amtrak funds in southeast Portland. These projects helped improve schedule performance and allowed addition of a new *Cascades* stop in Oregon City in April 2004 without adding more run time.

Federal designation makes the line eligible for very limited Federal Railroad Administration funds. A High Speed Rail Investment Act was introduced in Congress in 2002 but was unsuccessful.

The 2003 Legislature appropriated \$9.5 million to support the *Cascades* trains. State support is considered critical to retaining services. The states of Washington and California have provided substantial financial support for passenger trains over the past few years.

In 2003, ridership on the *Cascades* trains and the Oregon segment of the *Coast Starlight* was 190,939 passengers, not counting persons boarding in Portland to go north. Since 1996 the Oregon passenger rail system has shown continued ridership growth despite serious delays affecting the on-time performance of the northbound *Coast Starlight*.

The Oregon Department of Transportation estimates that \$120 million in track and signal improvements are needed along the corridor between Eugene and Portland. The upgrades would allow increased speeds and the

addition of more trains as conflicts with freight trains are reduced. Funds would also be needed to buy additional equipment if trains are added.

Excursion Trains: Six excursion passenger trains operate in the state over short line track: the *Mt. Hood Railroad*; the *Sumpter Valley* in Baker County; the *Port of Tillamook Bay*; the *City of Prineville*; the *Wallowa-Union (Eagle Cap)*; and the *Lewis and Clark Explorer Train*. Track improvements funded by a federal earmark allowed the *Explorer* to begin running seasonally between Portland and Astoria in the spring of 2003.

Amtrak

Passenger rail funding discussions in Congress are tied to discussion of Amtrak's future. In 2002 Amtrak was on the brink of closing lines. Missing congressional deadlines to be operationally self sufficient, Amtrak is under direction to reorganize. With the exception of the eastern seaboard, Amtrak operates lines at a loss, with its cross-country lines showing the highest losses. Affected communities and states are urging Congress to more fully support the system in order to provide alternatives to crowded highways and airports. While California, Oregon, and Washington are financing their share of state-supported trains, states on the East Coast are not. Some states don't currently contribute at all. According to rail planners, serious infrastructure needs threaten continuation of services.

Oregon Rail Division

The Rail Division within Oregon Department of Transportation carries out programs in Rail Safety, Employee Safety, Crossing Safety, Planning, Operations, and Advocacy. Most division staff are involved in regulatory activities focusing on safety. They ensure compliance with federal regulations related to track, equipment, operating practices, railroad employee safety, highway-railroad crossings, and hazardous materials handling. The division directly manages 170 miles of state-owned railroad right of way in six counties and they manage federal and state-funded crossing improvement projects. Finally, they manage and market the Willamette Valley passenger and connecting bus services as well as the *Lewis and Clark Explorer*.

Commuter Rail Initiatives

The South Metro (Washington County) Commuter Rail project is a 15-mile project to connect Wilsonville, Tigard, Tualatin and Beaverton. It will operate on existing track of a short line freight carrier. The service is in final design stages with pledged federal, local, and

state funds. The 2001 Legislature committed \$35 million in lottery-backed bonds over two biennia for the project. The bonds are expected to be sold in 2005.

Staff and Agency Contacts:

Lorna Youngs	Oregon Dept. of Transportation 503-986-4125
Janet Adkins	Legislative Committee Services 503-986-1621