



# **Ohio Rail Development Commission**

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Chairman Ujvagi, Ranking Member McGregor, and Members of the House Transportation and Justice Subcommittee of the Finance and Appropriations Committee:

Thank you for the opportunity to testify today on behalf of the Ohio Rail Development Commission (ORDC). My name is Matthew Dietrich and I am the Executive Director of the Commission.

The ORDC's varied but complementary activities benefit Ohioans by connecting Ohio to the nation and the world by building a rail transportation network that improves the movement of goods and people faster and safer.

- Our passenger rail efforts are focused on developing an important new transportation choice for Ohioans, one that offers a new option for the 8.6% of Ohio households that do not own a vehicle and gives thousands of others a safe, reliable option.
- Our safety upgrades at Ohio's 6,100 at-grade highway-railroad crossings provide the public with better warning of oncoming trains.
- Our grant and loan program helps Ohio's 36 railroads, thousands of businesses, and countless communities invest in rail infrastructure by rehabilitating existing tracks or making new connections to rail possible.

Before I get into the details of the Rail Commission's work, I would like to tell you a bit about the importance of the rail industry to Ohio.

## **Ohio's Rail Industry**

The freight rail industry is important to Ohio's economy on its own. Ohio's 36 freight railroads operate over 5,275 miles of track, and employ 7,973 Ohioans with payroll of \$498.2 million per year. If Ohio's rail industry were a single employer, it would rank 41<sup>st</sup> in the state in the number of employees.

But that's only part of the story. The rail industry is an economic enabler for Ohio's industry. Railroads play a key role in connecting businesses to markets. Ohio ranks fifth in the nation in the number of rail carloads originated and sixth in the number of rail carloads terminated in the state. That does not include the approximately 4.3 million rail carloads that pass through Ohio that would put additional strain on the state's highways but for the rail infrastructure. For communities that lack good highway access, rail lines are THE high-capacity transportation option. And for communities large and small with good highway access, rail plays an important role in long-haul shipping.

Rail is truly going through a renaissance. Not only are shippers rediscovering this cheaper, environmentally friendly, and more efficient way to move goods, but individuals are rediscovering rail, too. The last federal fiscal year marked the sixth straight year of record ridership for Amtrak nationally. Even with limited Ohio service and less-than-ideal schedules, there were more than 120,000 boardings and alightings at Ohio stations in 2008, a 10% increase from the previous year. Toledo's Martin Luther King, Jr. Plaza is Ohio's busiest Amtrak station, serving over 50,000 passengers last year. With a little help, we hope to add a great deal to that story.

### **ORDC Activities and the 2010-2011 Budget**

So how does the ORDC fit into this picture and why are we a commission?

The ORDC was formed by the legislature in 1994 to bring together all of the state's non-regulatory rail activities. It combined the grade crossing program, the Ohio Department of Transportation (ODOT) Division of Rail, and the Ohio High Speed Rail Authority into a one-stop shop for railroads, businesses, and communities with rail-related concerns.

The Commission consists of ten voting members plus two non-voting members each from the House of Representatives and the Ohio Senate. The voting members include a Chairperson, and individuals representing a freight rail company, passenger rail service, infrastructure financing expertise, organized labor, and three members of the general public. The Directors of ODOT and the Ohio Department of Development (ODOD) are ex-officio voting members. We have sixteen full-time employees, so while our staff is small, our mission is not.

#### *Partnerships*

One of the key reasons for the Commission structure is flexibility. ORDC is most effective when working in partnership. Like any other aspect of life, our friends are important. While our budget dollars are limited, our legal flexibility and our willingness to take on challenges has enabled us to facilitate projects across our programs. As I discuss our varied programs, I will also highlight the partnerships we have developed.

#### *Passenger Rail Development*

Since the last intercity passenger train operated on the 3-C Corridor in 1971, Ohio has spent many years planning the ideal rail system. The result is the Ohio Hub Plan. The Ohio Hub is a 1,270-mile system that will serve over 22 million people in four states and southern Ontario. The 110-mile per hour service will connect Ohio's major cities to each other and to other high-speed rail systems under development in the region. Studies conducted by the ORDC have shown that upon full build-out of the system, the Ohio Hub's revenues will cover operating costs and create nearly \$9 billion in user benefits and resource savings over 30 years. The Ohio Hub is Ohio's long-term vision for passenger rail, and as such, ODOT has committed to assist with the Programmatic Environmental Impact Statement (PEIS) during the coming biennium. This is the first stage of the multi-level environmental review and design process and will promote the project's eligibility for federal funding. But plans take time and we must walk before we can run.

Concurrently, ORDC is working toward conventional speed service (up to a maximum of 79 mph) in the 3-C Corridor as a first step toward a larger system. We are working with Amtrak to

determine the requirements for start-up service between Cleveland, Columbus, Dayton, and Cincinnati. The results of Amtrak's work are expected late this summer, and ODOT has committed to funding the first phase of the service in this biennium. In the transportation budget bill, we are requesting the General Assembly's support, through the approval of language, to allow ORDC to expend funds for this purpose. With both the Ohio Hub Plan and the Amtrak Start-up Service, ORDC has made a commitment to freight railroads to, metaphorically speaking, ensure that all boats rise. In addition to our work with ODOT, ODOD, Governor Strickland's Office, and other state agencies, ORDC is also partnering with CSX, Norfolk Southern, and Amtrak to develop safe, reliable passenger rail service. ORDC has been and continues to work with Norfolk Southern and CSX on Ohio's passenger rail initiatives to ensure service that is mutually beneficial.

ORDC realizes that the most valuable rail service will need to go beyond the state's boundaries. ORDC works with three organizations: the Midwest Interstate Passenger Rail Compact, States for Passenger Rail, and the Midwest Regional Rail Initiative. In addition, the states of Indiana, Michigan, New York, and Pennsylvania participated in the development of the Ohio Hub plan with us. Ohio also has an active passenger rail advocacy community that is working with ORDC to advance our passenger rail initiatives.

#### *Grade Crossing Safety*

The Rail Highway Grade Crossing Safety Programs improve public safety by reducing crashes, and therefore injuries and deaths, at railroad-highway grade crossings. To improve public safety, ORDC partners with the Public Utilities Commission, the Federal Highway Administration, the Federal Railroad Administration (FRA), the Class I and shortline railroads operating in Ohio, and local communities. ORDC selects projects in a number of ways including the use of a hazard index based on an FRA formula, partnerships with railroads to address rail corridors, reviews of sites of fatal crashes, consolidation of crossings, projects identified by local constituencies, projects developed in partnership with ODOT's grade separation and highway programs, and partnerships to improve rail infrastructure that will improve blocked crossings. The Transportation Bill includes the Executive recommendation of \$15 million per year for the Grade Crossing Safety Program, which is consistent with prior years' funding levels.

With this level of funding, ORDC last year completed 53 projects to install or upgrade active grade crossing equipment, eight projects to improve roadway geometry, and four projects to eliminate crossings. In the coming biennium, ORDC will maintain project activities and continue to execute a number of specific federal investments. With funds from the FRA, Norfolk Southern, and ORDC, we are conducting four circuitry upgrade projects along the high-speed Cleveland to Chicago corridor. We are also applying three separate Congressional set-asides to projects in Vermilion, the communities of Berea, North Ridgeville, and Elyria, and in Tiffin. ORDC is currently completing a corridor project in Springfield, in which the City, Norfolk Southern, and ORDC partnered to eliminate five crossings and install 12 circuitry upgrades, four 4-quadrant gate installations, and two standard light and gate installations. Other corridor projects are underway in Vermilion, Tiffin, London, Miamisburg, Bedford, North Baltimore, Medina, North Ridgeville, Perrysburg, Middletown, and rural Wood and Medina counties.

We are also working on two major statewide initiatives. The first is a project in partnership with ODOT's Office of Traffic Engineering to develop standards for the operation of traffic signals in locations where the railroad warning device and the traffic signal need to communicate in order to enable motorists to clear a railroad crossing when a train approaches. This project will identify locations in which such inter-connected situations exist and make recommendations to resolve any problems, which could require upgrades to the railroad warning device and/or the traffic signal. The second is a coming requirement for all passive crossings, those without flashing lights or roadway gates, to have either a Stop or a Yield sign. This will require additional signage at 2,318 railroad crossings in the state. Ohio and other states will have 10 years to comply with this new mandate.

#### *Grant and Loan Program*

The Grant and Loan Program is ORDC's direct investment in preserving jobs now and creating opportunities for the future. ORDC provides funds to rehabilitate existing rail infrastructure or make new connections to rail possible, and can partner with virtually any entity including freight railroads, individual businesses, local communities, port authorities, and other development organizations. ORDC's loan fund and debt reserve are before you in the Transportation Bill, and our grant program is funded in the Main Bill, but considered together they are ORDC's contribution to Ohio's economic health.

In prior years, ORDC's biggest splash has been with projects that are economic development initiatives – grants and loans to railroads, businesses, and communities to initiate rail service. In fiscal year 2008, the six economic development projects ORDC funded are creating about 730 jobs, retaining about 390 existing jobs, generating 12,000 rail carloads per year, and investing \$234.7 million in Ohio. That's \$288 in private investment for every dollar of ORDC grant funds. While ORDC has a number of funding commitments in place, we are finding that companies are choosing to delay major investments given the economic climate. Rather, we are seeing demand for rehabilitation projects.

Railroading is one of the most capital intensive businesses in the world and many of Ohio's short-line railroads are now owners of lines that were neglected before being cast off by major carriers in previous decades. Our rehabilitation investments are targeted toward lines that are of significant value to communities and shippers, but may not generate enough income for the operating railroad to make significant capital investments. By helping railroads rehabilitate these lines with decisions backed by data on maintenance history, rail traffic, and profit and loss statements, ORDC is helping preserve an important means of transportation for businesses along the lines and positioning them to be ready for additional train traffic once the economy rebounds.

Outside of what you see in the budget, ORDC is actively assisting railroads and therefore shippers and communities in other ways. In our version of Public-Private Partnerships, private sector partners bring opportunities to ORDC and we determine the public benefit and need and then react accordingly. In addition to the grants and loans directly issued by ORDC, this has led to a number of projects that might seem unusual.

- ORDC is the public agency recipient of an earmark for an industrial building rehabilitation project in Portsmouth.

- The Commission is the public sponsor of Ohio railroads’ applications to the state’s Diesel Emission Reductions Program, in which five railroad projects received \$4.9 million of the \$8.9 million awarded in the first round of funding.
- The Commission is sponsoring applications for federal funding to the Ohio-Kentucky-Indiana Council of Governments and the Mid-Ohio Regional Planning Commission for rail corridor improvements that will reduce trucks on Ohio’s highways.
- The Commission is administering a Congressional allocation through the Appalachian Regional Commission to build a rail connection for a southeastern Ohio coal mine.

**Conclusion**

At ORDC, we work with other entities when possible and also look across our own programs to be creative in developing projects that benefit Ohioans. At its January meeting, the Commission approved two rather unusual projects. In one, ORDC is using federal highway safety funds to make improvements in conjunction with an important economic development project, CSX’s development of its North Baltimore Intermodal Terminal. ORDC’s commitment of funds helped to make this project a reality for Northwest Ohio. Our investments will install warning devices at crossings and upgrade features of the track to help trains move in and out of the yard more quickly to reduce the time that adjacent grade crossings are blocked and therefore improve safety for the travelling public. In the other project, ORDC is granting state funds to assist with safety improvements at a series of crossings between Akron and Medina where the Wheeling & Lake Erie Railroad is increasing train speeds to better serve its customers. These investments will improve crossing surfaces, upgrade the warning lights with larger LED lights, and install gate keepers so that the gate arms are less likely to break due to wind or vehicle damage. While these investments are not required in order for the train speeds to be increased, they will provide the motoring public with a higher degree of safety.

In conclusion, ORDC plays a unique role for Ohio by serving as a one-stop source of assistance for passenger rail planning, grade crossing safety improvements, and rail development grants and loans for railroads, businesses, and communities.

Thank you, again, Mr. Chairman for this opportunity. We support Governor Strickland’s budget recommendations for the ORDC and ask for your support as well. I would be happy to answer any questions.

**Guide to ORDC Budget Components**

Program	Transportation Budget Bill	Main Budget Bill
Passenger Rail Development	--	GRF 776465 Ohio Rail Development Commission
Rail-Highway Grade Crossing Safety	7002 776465 Grade Crossings-Federal	--
Grant and Loan Program	4N40 776664 Rail Transportation-Other 4N40 776663 Panhandle Lease Payments	GRF 776465 Ohio Rail Development Commission