

MEMO



DATE: 3/8/2012

TO: House Transportation Committee
Senate Transportation Committee
Kansas Rail Caucus

FROM: Kansas Department of Transportation

RE: TIGER IV Grant Application – BNSF Grade Crossing Improvements from
Newton to the Oklahoma Stateline

Recently, a decision was made by KDOT to pursue a federal TIGER 2012 grant application that would meet federal eligibility criteria and the required obligation timeline, while satisfying the desire expressed by the Northern Flyer Alliance, the Ways and Means Subcommittee on Transportation, and the House Transportation and Public Safety Budget Committee for a project that would provide benefits in the near term and also serve to provide an improvement that would complement expanded passenger rail service if a decision is made to fund it in the future. It was decided to file a pre-application for funding to upgrade circuitry, signalization, and crossing surfaces for at-grade highway rail crossings along the proposed passenger rail corridor between Newton and the Oklahoma Stateline. It was initially believed that such a project would improve the productivity of BNSF's freight operations along the corridor while also serving to provide an improvement that would be necessary if expanded passenger rail service is implemented. KDOT consulted BNSF concerning the proposed project before submitting the pre-application, but neither party had an opportunity to conduct detailed analysis or discuss the impacts of the project until this week.

On Monday, March 5 KDOT personnel had a conversation with Mr. D.J. Mitchell, BNSF Railway Assistant Vice President of Passenger Operations regarding the proposed improvement. Mr. Mitchell advised KDOT that the project would not provide any benefits to BNSF's freight operations nor would there be any positive job creation or preservation. Additionally, the upgraded crossing equipment would result in higher costs for annual maintenance than the existing grade crossing equipment. Since there would be no benefit from this work to BNSF operations, the company would expect KDOT to reimburse them for the added maintenance expenses until such time that passenger rail service would begin. Mr. Mitchell estimated the increased annual maintenance costs would be \$500,000. According to the Service Development Plan it would take a minimum of 5 to 6 years to implement passenger rail service from the time a decision is made to implement the passenger service. The cost for the additional maintenance during a minimum of 5 years would be \$2.5M.

Since, according to Mr. Mitchell, the proposed improvements would only have a useful life of 20 years and because it would be at least 5 to 6 years before passenger rail service could be

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operational on the corridor, the improvement would provide no measurable benefits for a substantial percentage of its useful life.

Based on the additional information that has been provided regarding the lack of benefits and the costs that would result from the proposed project KDOT has decided not to submit a final application for TIGER 2012 Discretionary Grant funding for the rail crossing project.