

Public/Private Partnerships with Rail

Class I railroads like Union Pacific Railroad and BNSF Railway Company (Oregon's Class I lines) spend billions of dollars each year to maintain and expand their respective rail infrastructure. Each company annually develops a list of needed capital projects along with their estimated costs.

The priority of projects is determined by many factors, including:

- Urgency of need,
- Enhancement of safety, business projection, and
- The expected rate of return on capital investment.

Like many businesses, the railroads have more capital projects on their needs list than they have money to complete them. An improvement to a high-volume rail line in Southern California, for example, may take precedence over less intensively used lines in Kansas, Louisiana, or Oregon. The California project might get done in two years, but the Oregon project might take ten years according to the private railroad formula for capital spending.

However, there may be an overriding public need for a rail improvement that is not part of the railroad's usual capital spending formula. The needs of a public port, a local community, or even the needs of the state in the development of passenger rail, for instance, may create the recognition of a public benefit and a demand for completion of some rail projects well before they would have been constructed under the railroad's own capital plan.

For example:

- A power switch or additional siding will help move trains in and out of a port more quickly.
- A new bridge will increase train speeds for both freight and passengers.
- Helping a private railroad build heavier lines for heavier carloads will benefit a special industry and grow jobs as well as tax revenue to state and local governments.

Public spending on rail infrastructure has the effect of moving projects with a clear public benefit closer to actual construction. Public benefit is precisely the focus of *ConnectOregon*. Project identification and ranking systems are geared to reveal and grade the public benefit of a project, regardless of whether it is a spur line at the Port of Portland, rail tunnel refurbishment for the Oregon International Port of Coos Bay, or a siding extension.

It's pretty simple: If a proposed project doesn't carry with it a public benefit, it doesn't get funded. The nature of rail transport, unlike highways or interstates, is that much of the infrastructure is owned and maintained by private companies. *ConnectOregon* has built-in requirements that a public benefit gained with taxpayer dollars must be effective for at least 20 years. The dollars go to producing that benefit. If a related or corollary benefit accrues to the private railroad, it may well also prove to be a public boon through more efficient shipping and business development that helps the overall economy.

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