

Written Testimony on the **Status of Freight Rail in Oregon**
Submitted by Scott L. Parkinson, President
ARG Transportation Services, Eugene, OR, operator of **Coos Bay Rail Link**
Submitted to the
House Committee on Transportation and Economic Development
78th Oregon Legislative Assembly – 2015 Regular Session
Monday, 2 March, 2015 • Oregon State Capitol; Salem, Oregon

1. Background. The story of the Coos Bay Rail Link is the stuff of western lore. From the rally cry to preserve rail access in a region to the appeal for public support to the bootstrap start-up of an operation by a can-do group of railroaders, public servants and commercial users; the unfolding history of the railroad is a source of pride for the State of Oregon. Please see the separate document chronicling the history of the Coos Bay line for a more detailed narrative about the embargo of the line, its purchase by the Oregon International Port of Coos Bay, the rehabilitation of track infrastructure and the restoration of freight rail service.

Today the railroad is fully open from its interchange with the Union Pacific Railroad in Eugene to the end-of-line at Coquille. Tunnels, bridges and track have been rehabilitated to a degree that supports daily service and track speeds have increased in many areas. All resident rail users have returned to using rail as at least part of their transportation solutions. In only its third full year of operation the Coos Bay Rail Link was honored as the shortline railroad of the year for 2014 by the trade publication *Railway Age*.

2. Recent Performance. Coos Bay Rail Link closed out 2014 by exceeding 7,500 revenue carloads for the year. This capped a three year ramp-up that saw carloads sharply increase each year. In its first full year the railroad grew the business to a little over 2,400 carloads from virtually nothing. The following year (2013) volume doubled to more than 4,800 carloads. Last year (2014) saw an increase of over 2,600 additional carloads, a 55% increase over the prior year. The document highlighting railcar volume vs. equivalent trucks over the period 2012 to 2015 gives amplifying detail to the pace of growth on the Coos Bay Rail Link.

The railroad recently initiated five-day-a-week service. This daily service provides many advantages to our customers and our connecting carrier partners, and improves our internal operations. This pace was only made possible by the increased revenue opportunities that the growth mentioned above provides. Railcars now move more quickly on the line. Customers can load more product at their space-constrained locations and their outbound goods get out to the national freight railroad system quickly. Daily interchange with the Union Pacific Railroad reduces backlog at their railyard in Eugene and assures better railcar “velocity” on their system. And Coos Bay Rail Link operates more efficiently and with less cost when railcars keep moving thus minimizing car hire burden which is the bill we incur from rail car owners while their car is on our line.

3. Status of Repairs / Rehabilitation. Incredible work has been done in the last several years to literally save a railroad from ruin. It is beyond the scope of this brief testimony to describe all the various sources and uses of funds. That information can easily be provided. What we would like to highlight is the fact that the collaboration between the Coos Bay Rail Link staff and the Port of Coos Bay staff has truly been a study in public/private partnership. The Port was instrumental in soliciting and administering public funding while the Coos Bay Rail Link ensured its most effective employment. This required a high level of interaction and interdependence. The result is what we feel is the best possible bang for our bucks in all the rehabilitation that has been accomplished to date.

But we're not done.

The Coos Bay line was constructed at "river grade" meaning that the line is never very steep or hilly. It follows the natural drop in elevation from Eugene to the coast. And the only way it can do that is to cross over waterways and bore through mountains. There are over 151 water crossings on the line comprised of wooden bridges, steel bridges, culverts, and three particularly impressive swing-span bridges that cross major rivers and bays. There are nine tunnels, all of which need further repair and upgrade.

While the state of the railroad and the commitment of its stakeholders is strong, we request your ongoing support for investment in this vital infrastructure which is the lifeblood to keeping this railroad viable. Someday soon we will land an anchor tenant that will require access to the deep-water harbor at Coos Bay. That tenant and those to follow will eventually assume the majority of the burden for remediating deferred maintenance and making capital upgrades. Until that time we will continue to require public funding options.

4. Prospects. Our forecasts are more modest for 2015. We have reached a natural plateau by opening the line to all former users and encouraging their use by providing superior customer service. There will certainly be continued incremental growth and we have projected a little more than 8,000 revenue carloads for 2015. In the meantime we are pursuing several initiatives to create more market opportunities for the railroad. It should be noted that these are all self-funded or supported by the participants:
 - a. Greenhill Road Siding. Last year we built a nearly 2,000 foot siding east of Greenhill Road to allow product to be loaded directly onto railcars near Eugene, but on Coos Bay Rail Link property.
 - b. Millington Multi-Use Facility. We are researching the development of a transload facility south of Coos Bay that will be open to users who are not resident on the rail line. We anticipate many of the loads that originate at Greenhill Siding can be unloaded here.
 - c. Additional track infrastructure on the North Spit. By adding track and working with existing customers on the lower bay we expect to increase throughput on the North Spit.