

# RAILROAD WEEK IN REVIEW

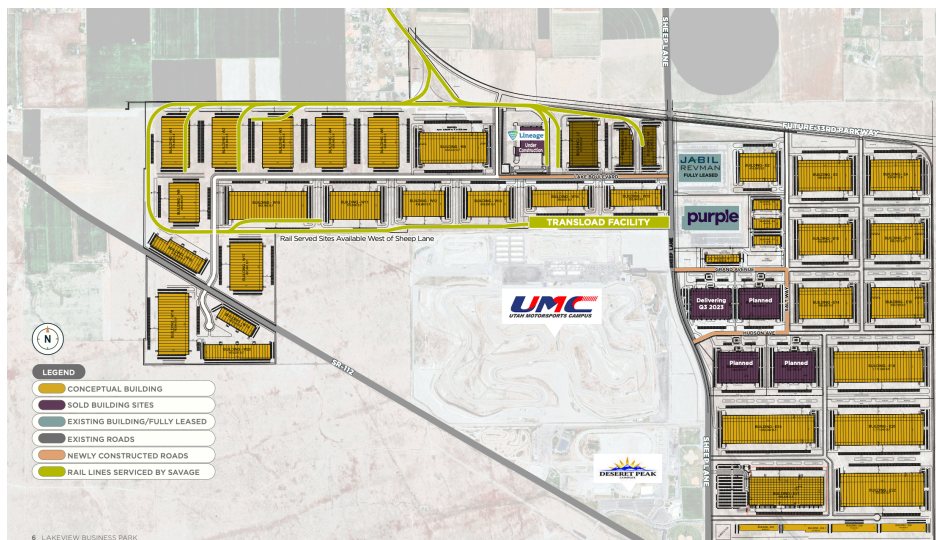
December 8, 2023

*“Construction today—not just in the freight rail industry—faces a host of regulatory barriers that increase costs and decrease the ability of public and private actors to create societally beneficial projects. I am in favor of lowering what barriers we can to increase the use of freight rail, especially when doing so is costless.” — Michelle Schultz, STB, dissenting in FD 36616, Savage Tooele Railroad Construction*

*“The Hanson Spur is a planned 4.5-mile spur connecting raw material producers to the CSX Transportation (CSXT) rail line that runs along Ga. Highway 16 in Hancock County. The Hanson Spur will serve as a vital link to the North American transportation network for Hancock County and will help take Middle Georgia’s natural resources and agricultural products to new markets.” — <https://www.sandersvillerrailroad.com/hanson-spur-project>*

**The Union Pacific is open for business** and CEO Jim Vena is taking steps to make it easier to work with UP (see for example WIR 11/3 and 11/17). Earlier, the STB had scolded the UP for not being more customer friendly. Now comes UP and a shortline wanting to re-establish service on an 11-mile Utah branch line to reach a sizable business park near Salt Lake City. The STB has said not so fast.

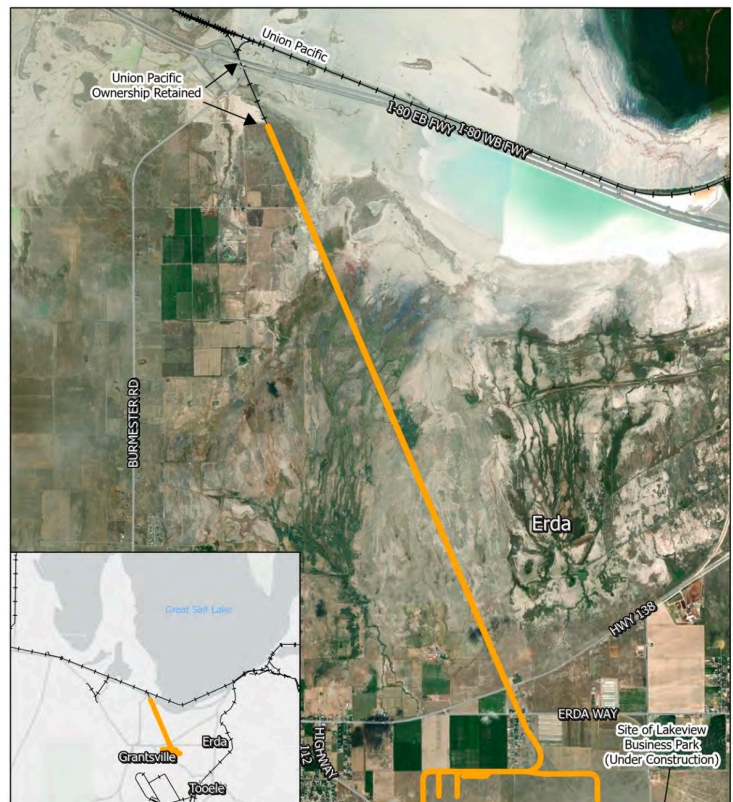
At issue is railroad access to the 1,700-acre Lakeview Business Park located in Grantsville, a suburb of Salt Lake City. As you can see, it’s a serious operation and they want access to the UP carload network (The UP intermodal hub is 20 minutes away). The Lakeview brochure touts a “Union Pacific Conceptually Approved Rail Plan with Savage Industries [STR] providing short line service”.



Unfortunately, Lakeview requires STB approval to restore the 11 miles of moribund track to service, seeking same in its June, 2022, filing, asking for “a preliminary decision addressing the transportation merits of the project while the environmental review process is ongoing.” As you can see, it’s not a lot of railroad.

The Board said no in FD 36616, August 3. “This decision denies STR’s request that the Board preliminarily address the transportation merits of the proposed transaction before the environmental review process [the draft ER is 596 pages long] is complete.” And so it is Lakeview is unable to get the conditional approval to help facilitate development of the project ‘by providing relative assurances to parties

considering locating within the Lakeview Business Park that rail service from STR can be expected.’



For the record, Board member Michelle Schultz disputes the decision: “A conditional grant of authority would not provide absolute certainty to Savage or Lineage, given the ongoing environmental review, but it would provide useful information. It would let Savage, and shippers such as Lineage who would like to plan for rail service, know that the Board will not deny the petition on the transportation merits.

“Given the specific factual situation, in which a specific shipper is trying to decide whether to invest in rail infrastructure, I would find that that Savage has met the ‘unique or compelling circumstances’ standard.” Say amen to that.

**A similar situation exists** along Georgia’s 100-year old industrial commodity based Sandersville Railroad (SRR). Only here the railroad wants to build a brand new five-mile extension to access more industry as well as the nearby CSX line between Macon and Milledgeville. Moreover, the new line gives Sandersville access to a second Class I. The

sole connection for its 100-year property has been NS and its predecessor railroads between Macon and Savannah.

The railroad has been very proactive making its case to the surrounding communities. They've put up a website addressing questions from who are the area companies that will now have access to the nationwide railroad network to the economic benefits to the reduction of truck traffic.

Overall, the railroad says the new line will “yield over \$1.5 million in annual economic benefit, supporting local schools and the city and county governments through increased property tax revenue.” A planned expansion by the quarry – and growth from the additional users attracted – will boost economic development, taxes and job creation for the community.

This last will have the most immediate benefit. And of course, increased economic benefits entail more goods moving, and — absent the railroad — more truck traffic. SRR estimates that its daily round trip will keep some 150 trucks a day off county roads as area quarries increase output by half a million tons year. (Do the math: 500,000 tons a year is 5,000 carloads or 100 a week or 20 a day. One morning train out and one evening train back. Not 20,000 more trucks.)

Of course, the NIMBYs are having their day. A local PBS News Hour headlines, “The eminent domain case involving a Georgia railroad could have widespread implications for property law. *Could* have. The railroad’s Q&A sheet says simply, “The spur will not require the taking of anyone’s home nor will it prevent anyone from using their pastures, hunting areas or timbering their property. While railroads qualify for eminent domain, SRR prefers to make every effort to directly negotiate property deals with landowners.”

The Sandersville project, like the Utah project above, is another example of the public good that railroads can bring. If the public will only let them.

***The Railroad Week in Review, a compendium of railroad industry news, analysis, and comment, is sent as a PDF via e-mail 50 weeks a year. Individual subscriptions and subs for short lines with less than \$12 million annual revenue are \$175. Corporate subscriptions for Class I railroads and short line/regional operators with more than \$12 million annual revenue are \$600 per year. To subscribe, click on the Week in Review tab at [www.rblanchard.com](http://www.rblanchard.com). © 2023 Roy Blanchard***