

SENATE BILL REPORT

SB 6592

As of January 31, 1996

Title: An act relating to authorizing the department of transportation to manage and control a rail transportation corridor and to enter into agreements for the purpose of reinstating rail service over state-owned former railroad rights of way.

Brief Description: Reinstating rail service in the Milwaukee Road corridor.

Sponsors: Senators Rasmussen, Prince, Hale, Loveland, Sellar, Swecker, Heavey and Goings.

Brief History:

Committee Activity: Transportation: 1/31/96.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Jeff Doyle (786-7322)

Background: In 1980, the Milwaukee Road (railroad) declared bankruptcy and sold some of its properties and salvaged its track. The old Milwaukee Road had operated rail service in Washington since 1909, including a portion of line extending from the Washington/Idaho border at Tekoa, across the state and over the Columbia River. During bankruptcy proceedings, the railroad offered to sell the state its right-of-way in eastern Washington.

In 1981, the Legislature appropriated \$3.5 million from the Outdoor Recreation Account (General Fund) to purchase the right-of-way. In 1982, the Department of Natural Resources (DNR) acquired 213 miles of right-of-way for about \$2.2 million. The acquired corridor consists of two main segments: (1) land running from Easton across the Columbia River to Royal City Junction (89 miles); and (2) land running from Warden easterly to the Idaho line at Tekoa (124 miles). There is a 35 mile segment running from Royal City Junction to Warden that was not purchased by DNR. This segment is currently owned and operated as a rail line, with the WCRC providing freight rail service.

Almost immediately after the purchase of the old Milwaukee Road corridor, questions arose about the permissible uses of the land. Since the land was not acquired under the federal rail-banking statute (this federal law was not enacted until 1983, after DNR's purchase), there were no guarantees that the land could be converted to rail use. An unofficial memorandum from an Assistant Attorney General opined that further legislative action would be required in order to return the Milwaukee Road corridor to use as a rail line. At about the same time, DNR conducted a study to determine the most appropriate use of the land. The study concluded that the corridor should be maintained as a recreational trail.

In 1985, rights-of-way west of the Columbia River were transferred to State Parks. The remaining rights-of-way east of the Columbia River remained under the management and control of DNR.

To date, the ownership of the land formerly comprising the old Milwaukee Road is fractured, with three different state agencies owning portions, the Washington Central Railroad Company owning a segment, and private landowners owning parcels. Intended to be used as a cross-state recreational trail, these gaps in the corridor, along with vandalism of critical train trestles needed for passage, illegal barricades, legal challenges by adjacent property owners and six month trail closures, has prevented the trail from being utilized in a cross-state fashion. The heaviest usage of the trail occurs on the western half, which constitutes Iron Horse State Park.

In 1993, the United States Army revealed plans to condemn a segment of the corridor from Kittitas to the Columbia River to expand the Yakima Firing Center. This reduces the remaining trail by another 18 miles.

In 1995, the Burlington-Northern Sante Fe (BNSF) railroad announced its plan to reinstitute rail service over the Stampede Pass line. Reopening Stampede Pass became feasible due to the growing demand for freight rail transportation. Other than Stampede Pass, there are only two train routes across the Cascade Mountains: BNSF's Stevens Pass route in the northern part of the state, and the route in southwest Washington along the Columbia River gorge. Both of these routes suffer from serious capacity constraints, and expansion opportunities (double tracking, additional sidings, etc) are limited due to the geography in these areas.

With intermodal (containerized) freight at Puget Sound ports projected to double by the year 2015, the importance of creating additional capacity on the state's freight rail system is magnified. If BNSF reopens Stampede Pass rail line as expected, additional freight trains will be routed through Yakima and down to the Pasco rail yard, which is already a congestion point. Delays caused by routing intermodal trains through the Yakima valley could jeopardize the Puget Sound ports' attractiveness as a major destination for Asian and other pacific shipping companies and importers. In 1994, the Freight Rail Policy Advisory Committee, consisting of public and private entities with an interest in improving freight transportation, recommended that the old Milwaukee Road corridor's potential for relieving this congestion be explored. During the 1995 legislative interim, the Legislative Transportation Committee convened a Freight Rail and Freight Mobility Task Force to examine these and other issues. After public meetings in Olympia, Ellensburg and Spokane, the Task Force recommended reopening the Stampede Pass line and reinstating rail service over the portion of the old Milwaukee railroad running from Ellensburg to Lind.

Summary: A transportation corridor is created. State-owned portions of land running from Ellensburg to Lind are consolidated into a single owner, DOT. DOT is charged with management and control of the corridor, and is directed to negotiate a franchise agreement with a qualified rail carrier to operate service over the line.

DOT negotiates the franchise agreement, with input from DNR, State Parks, the Attorney General's Office and LTC. Any franchise agreement entered into must be approved by the Legislative Transportation Committee.

The franchise agreement must address payment of franchise fees and other consideration (such as funding for recreational trails displaced by the rail line). The agreement must also

address access issues (such as private crossings, trackage rights and linkages to other rail carriers, etc.).

Revenues derived from the franchise agreement are distributed as follows: (1) revenues designated as mitigation costs may be deposited into the parkland acquisition account, used by State Parks to acquire trails and rights-of-way; and (2) any remaining funds not otherwise distributed are deposited into the essential rail assistance account, used by DOT to provide assistance to freight rail lines.

The corridor may be used for other future transportation purposes, such as high-speed intercity passenger rail service.

The franchisee is prohibited from building around existing rail service providers operating in a certain geographic area.

Appropriation: None.

Fiscal Note: Requested on January 22, 1996.

Effective Date: The bill contains an emergency clause and takes effect immediately.