

HOUSE SELECT COMMITTEE ON EXPANDING RAIL SERVICE



REPORT TO THE
2007 GENERAL ASSEMBLY
OF NORTH CAROLINA

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October 19, 2007

TO THE MEMBERS OF THE 2007 GENERAL ASSEMBLY:

The House Select Committee on Expanding Rail Service, authorized by letter December 7, 2005 pursuant to G.S. 120-19.6 and House Rule 26(a), herewith submits to you for your consideration its report.

Representative Louis M. Pate

Representative Ray Rapp

Cochairs

House Select Committee on Expanding Rail Service

COMMITTEE PROCEEDINGS

January 25, 2006

The first meeting of the Committee took place January 25, 2006 at 1:00 pm in room 1027 of the Legislative Building.

The Committee heard presentations from: David King, Deputy Secretary, DOT, on passenger and freight rail service in the State and the State's current efforts to assist development of rail service; Pat Simmons, Director NC DOT Rail Division, on federal law and funding that impacts rail transportation services in the State; Todd Burchette, General Manager, Yadkin Valley railroad and Vice President, Railway Association of North Carolina, on short line railroads in the State; and Scott Saylor, President of the North Carolina Railroad, on current capital projects of the Railroad.

March 16, 2006

The second meeting of the Committee took place March 16, 2006 at 10:00 am in the Board Room of the North Carolina Ports Authority in Wilmington. The Committee heard presentations from: Glenn Carlson, managing Director, Business Development, DOT on the operation of the existing state ports, and the proposed new port in the Wilmington area; Jerry Vest, Vice President, Government and Industry Affairs of the Genesee and Wyoming, Inc., on the operations of the port railroad; John Dillard and John Koch of CSX railroad, on its business with the State ports; and Al Love, Director of Logistics, Fort Bragg, on military logistics needs.

April 7, 2006

The third meeting of the Committee took place April 7, 2006 at 10:00 am in the Crown Plaza Hotel in Asheville. The Committee was welcomed by Mayor Terry Bellamy, City of Asheville. The Committee then heard presentations from: Betty Huskins, Senior Vice President, AdvantageWest, and Gordon Myers, Board Chairman, AdvantageWest, on the importance of restoring passenger rail service to Asheville; Bill Shafer, Director, Corporate Affairs, Norfolk Southern, Inc., on Norfolk Southern's freight business in the southeast; Robert Martinez, Vice President, Business Development, Norfolk Southern, Inc., on Norfolk Southern's proposed intermodal freight terminal project in Charlotte; H. Stan Thompson, Chairman, Hydrogen Economy Advancement Team, Mooresville/South Iredell Chamber of Commerce, on the use of hydrogen powered trains; and Judy Ray, Western North Carolina Rail Corridor Commission, Mayor Susan W. Klutz, Salisbury, and Bob Boyette, Marion City Manager, on the importance of reestablishing passenger rail service from Salisbury to Asheville.

August 24, 2006

The fourth meeting of the Committee took place August 24, 2006 at 10:00 am in the Charlotte Mecklenburg Government Center. The Committee was welcomed by Mayor Pat McCrory, Charlotte. The Committee then heard presentations from Pat Simmons, Rail Director, North Carolina Department of Transportation, on recent trends in North Carolina Passenger Rail Service; and John Muth, Chief development Officer, Charlotte Area Transit System (CATS), on their operations and new light rail service. The Committee then took a bus tour of the CATS south corridor project, currently under construction.

September 28, 2006

The fifth meeting of the Committee took place September 28, 2006 at 10:00 am at the Cumberland County Business Council offices in Fayetteville. The Committee heard presentations from Scott Saylor, North Carolina Railroad, Ed Lewis, Aberdeen and Rockfish Railroad, and Jerry Vest, Genesee and Wyoming Railroad, on the importance of shortline railroads in the State; Paul Worley, Assistant Director for Engineering and Safety, NC DOT Rail Division, on recent freight rail and rail safety improvement projects; Pat Simmons, Director, NC DOT Rail Division, on southern North Carolina rail passenger service; Don Stewart, Director of the National Association of Railroad Passengers, on passenger service issues; and Charles Gaylor of Goldsboro, on the importance of reestablishing rail passenger service to Goldsboro and eastern North Carolina.

October 19, 2006

The sixth and final meeting of the Committee took place at 10:00 am October 19, 2006 in room 544 of the Legislative Office Building. The Committee heard presentations from Burt Tasaico, Fiscal Section, NC DOT, on the current fiscal status of transportation funding, Al Capehart Director, North Carolina Rails-Trails Board, on the issue of using unused or abandoned rail corridors for trails; and Judy Ray of the Western North Carolina Rail Corridor commission, on the issue of re-establishing passenger rail service in western North Carolina. Following these presentations, the Committee discussed and approved the attached recommendations. The Committee then approved this report for transmittal to the 2007 General Assembly.

House Select Committee on Expanding Rail Service (2005)

G.S. 120-19.6; Letter of 12-7-2005-House Rule 26(a)

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RECOMMENDATIONS

The Committee heard significant testimony and had extensive discussion on the benefits of expanded rail infrastructure and service, as recorded in its proceedings. To provide greater non-highway transportation choices to the State's citizens and visitors and to promote economic development and fuller integration of the State into the global economy, the Committee recommends that the General Assembly consider:

- **Extending passenger rail service to communities not now served and providing support to local rail transit systems.**
- **Providing additional State support to improve the freight rail infrastructure.**

Rail Passenger Service and Rail Transit

1. **The General Assembly should consider increasing investments in passenger rail and rail transit to increase choice, reduce highway congestion, and promote economic development, including:**
 - a. **The expansion of passenger rail service from Salisbury to Asheville and to southeastern North Carolina.**

The communities in these corridors have demonstrated long-term support for renewal of passenger rail service and have stressed the capacity of passenger rail to provide greater choice and opportunity to their citizens and to promote urban and regional economic development.
 - b. **Additional rail transit projects beyond the CATS South Corridor project as they are developed.**

The Committee toured the CATS South Corridor project and notes the strong leadership and financial support provided at the local level. The Committee urges the General Assembly to study the results of the CATS project when it is operational in 2007 as it prepares to support other New Starts projects.

Freight Service Integrating North Carolina into the Global Economy

2. **The General Assembly should consider increasing investments in rail infrastructure to promote economic development.**

The volume of freight moved is expected to increase markedly in the next decades. Rail is a highly efficient and environmentally friendly means to move goods and its growth should be encouraged. Expanded movement of freight by rail can lessen the burden of highway construction and maintenance. The failure to adequately remove bottlenecks in the rail system will not save money but will be paid for in greater highway congestion and highway maintenance costs.

- a. **The General Assembly should consider mechanisms to protect and improve the State’s rail corridors, particularly where improvements can yield significant increases in freight traffic.**
- b. **The General Assembly should monitor the current program of support for Short Line Railroads and consider increasing the funding for this program.**
Short Line Railroads provide benefits to industries across the state and should be encouraged as key parts of the rail system.
- c. **The General Assembly should examine mechanisms to encourage improved rail access to the State ports.**
Access to ports facilitates participation in the global economy and is important to North Carolina industry and consumers. Investments should be made to improve that access. For example, the Committee heard testimony about the turn at Pembroke, which hinders Fort Bragg in its use of the Port at Wilmington; the need for a track between Castle Hayne and Wallace; the need for improvements to port access at Morehead City; and the need for rail access to the future North Carolina International Port.

Funding

- 3. **The General Assembly should consider mechanisms to join with local government, the federal government, and the private sector to provide funding for the Committee’s recommendations. The form will often be public-public or public-private partnerships.**
 - a. **The General Assembly should consider increased funding for railroad infrastructure and services from the Highway Fund and the Highway Trust Fund.**
 - b. **The Committee recommends that transportation bonds authorized by the General Assembly include eligibility for rail projects.**
 - c. **The General Assembly should consider tax credits for infrastructure investments that add capacity to the freight rail and intermodal network.**
Most of the State’s rail investment is undertaken by tax-paying private firms. Projects should demonstrate service improvements that benefit the State’s businesses, consumers, and ports.
 - d. **The Committee recommends that the General Assembly support expanded federal funding for rail transportation.**
The federal government is a major funder of transportation infrastructure and services. The Congress is considering funding for Title IX of SAFETEA-LU including High Speed Corridor Development and Capital Grants for Rail Line relocation. The Congress is also considering S-1516, the Passenger Rail Investment and Improvement Act, which would reauthorize Amtrak and provide capital grants to states for development of new rail passenger services. Finally, the Congress is considering S-3742, which would provide federal tax credits for Class I railroads to encourage investment in the expansion of freight rail infrastructure capacity. The Committee recommends support for these initiatives.

- e. **The Committee recommends that the General Assembly consider giving local government increased authority to raise funds to support new passenger rail service.**

The communities that would be served by new passenger service from Salisbury to Asheville and in southeastern North Carolina have expressed strong support for this service as a means of increasing tourism, providing additional access to employment and higher education facilities, and for economic development. The Committee recommends that the General Assembly consider giving these communities the power to raise funds to support new passenger rail service.

Additional Recommendations

- a. **The Committee recommends that the General Assembly reauthorize the Joint Legislative Commission on Expanding Rail Service.**
- b. **The Committee recommends that the General Assembly consider a resolution urging Congress to increase funding for rail programs.**