

PA House Transportation Committee
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Submitted by:



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On behalf of the SEDA-COG Joint Rail Authority (JRA), I am offering comments to the Committee regarding the role that rail freight investments mitigate the Commonwealth's dire transportation funding situation.

The JRA is an eight-county (Centre, Clinton, Columbia, Lycoming, Mifflin, Montour, Northumberland and Union) municipal authority that was created in 1983. Our rail system consists of 200 miles of track that is owned by the JRA and operated privately, under contract. The five railroads are: Juniata Valley, Lycoming Valley, Nittany & Bald Eagle, North Shore and Shamokin Valley. Last year the lines moved 25,000 rail cars of freight for 75 customers. These customers account for around 10,000 jobs-most of these jobs are among the best in their communities.

As you know, Pennsylvania has been THE national leader in terms of investments in its rail freight infrastructure. In the current budget year \$9.5 million is being spent for the Rail Freight Assistance Program (RFAP) and \$30 million in the rail Transportation Assistance Program (TAP). The former is funded from general revenue while the latter's source is via the PA Capital Budget. The impact of these programs is well-documented. Of course, the Committee is aware of the substantial payback in terms of jobs created and retained, leverage of non-state resources-particularly private, and taking trucks off the road. This does not even cover the "green" benefits that accrue to moving freight via rail vs. truck. The Governor's budget for 2010-2011 recommends the same amount of funding as the current year.

I am sure you have seen the *2010 Report Card for Pennsylvania's Infrastructure* issued by the American Society of Civil Engineers. The past investments-AND RESULTS-have been duly noted. Freight rail received a 'B' grade, the highest of any type of infrastructure. On the downside, highways received a 'D-'. The benefits of rail investments are shown below from that report:

Rail Freight Assistance Benefits 2008-2009						
Fiscal Year	Grant Type	State Investment	Total Project Cost	Number of Projects Funded	Jobs Created	Trucks Off Highway
2008	RFAP	\$8,500,000	\$11,800,000	40	1,408	166,799
2008	Capital Budget	\$27,361,877	\$55,730,078	21	1,062	197,552
Total 2008		\$35,861,877	\$67,530,078	61	2,470	364,351
2009	RFAP	\$8,500,000	\$13,245,729	28	421	117,965
2009	Capital Budget	\$15,000,000	\$22,699,643	13	1,108	195,240
Total 2009		\$23,500,000	\$35,945,372	41	531	313,205
Grand Total:		\$59,361,877	\$103,475,450	102	3,001	677,556

Source: ASCE: 2010 Report Card for Pennsylvania's Infrastructure

The data above show the trucks taken off the highways. Not only does that represent less congestion, but also reduces the wear and tear on a road network that does not have sufficient funding to support it.

My message today is simple: At a minimum, retain rail freight funding at current levels. A solid case can be made to do even more, but given the current budget year, level funding would be a major success.

Here in central Pennsylvania we are working hard to meet the demands of the Marcellus Shale gas development. As we speak, there are three rail sidings under construction on our Lycoming Valley Railroad near Williamsport-more are in the works. The principal commodities being handled by rail are frac sand, pipe, drilling equipment, and specialty minerals and chemicals. Last year, our five railroad system handled 25,000 rail cars. In 2010 that number will approach 35,000 cars, much of the increase due to the gas industry. And we are told this is just the beginning. Already we are searching for new sites along our lines to identify and develop new rail-served sites.

The JRA has some ten projects in development directly related to Marcellus gas. In addition, there are an additional four rail capital projects that relate indirectly to this new industry. We are actively packaging these projects as a comprehensive, systematic infrastructure development program with an eye for future funding.

Of course, once the frac sand arrives by rail in Williamsport it must be transloaded to truck for transit to the well sites away from the rail network. Therefore, an integrated system is needed to be supported for BOTH rail and highway. I am sure you have heard already the literal destroying of local roads in the Northern Tier, especially. This is an additional challenge to Pennsylvania on top of the daunting demands statewide.

Thank you for the opportunity to present these remarks to you today.