CONNECTICUT GENERAL ASSEMBLY
JANUARY SESSION 2021
COMMITTEE ON TRANSPORTATION
RAISED BILL NO. 6484, LCO NO 3501
AN ACT CONCERNING RECOMMENDATIONS BY THE DEPARTMENT OF TRANSPORTION

TESTIMONY OF CONNECTICUT RAILROAD ASSOCITION
Mach 3, 2021

Connecticut Railroad Association ("CRA") hereby submits its testimony on Raised Bill 6484. Its comments are addressed solely to Section 19 of the proposed Act, which deals with the transfer of scrap and surplus rail material to freight railroads. While Connecticut Railroad Association appreciates the continued support of the Department of Transportation for this program and believes that the proposed bill both incorporates some useful changes to existing law and expands and clarifies certain procedures, there are two provisions which adversely change important policies established by the General Assembly in the initial legislation, and which CRA believes should be eliminated.

The General Assembly enacted C.G.S. Section 12b-237 when it was recognized that rail and other track materials, which were being removed from Connecticut owned passenger lines, were being sold as scrap and/or turned over to contractors at scrap prices and thereafter disposed of by the contractors for significant profit. DOT and the General Assembly determined that these materials could be better used in advancing the state's interests in assisting freight carriers improve and maintain the infrastructure over which they operate. C.G.S. 12b-237 was enacted to require that the materials be made available to freight lines with a preference to those operating over state-owned lines.

The cost of the program to the state was essentially the cost of transporting the materials to the freight railroads. In the case of rail for privately owned lines, Section 12b-237 requires that the owner pay the state the value of the material as scrap and, in the case of state-owned lines that the operator pay the state the value of the material replaced as scrap.

RB 6484 seeks to amend C.G.S. 12b-237 in several important respects:

1. Proposed Section 19(a)(1) changes the original language describing the track material which must be offered to freight railroads before other disposition from “any rail or other track material” to

   “any surplus rail material, including, but not limited to, rail sections having a maximum length of two hundred feet, ties, tie plates and other track material….” The reference to lengths of two hundred feet is to allow DOT to remove long sections of welded rail and cut them into shorter 200 ft sections. The sole purpose of doing so would be to reduce transportation costs. The effect of doing so would be to convert useable welded rail, which comes in ¼ mile lengths, into what is essentially scrap rail and to destroy most of the value of the asset. Without delving too deeply into the technical aspects of installing 200 ft sections, CRA would point out that (1) each section would probably have to be cut on site to match adjoining rail, (2) it is necessary to match “head wear” to adjoining rail which often requires turning the rail 180 degrees which is virtually impossible with 200 foot sections, (3) the installation expense would be substantially greater than either typical welded rail sections or shorter jointed rail (usually 39 feet) and the finished rail surface would be compromised.

   The amount which would actually be saved by this process is questionable. The process would require each length of welded rail to be cut six times, which translates into 48 cuts per track mile (384 per typical rail train of seven miles). The cutting process is time consuming and not inexpensive, especially if care is taken to saw cut cleanly so that additional field cuts are minimized. CRA estimates approximately 2 hours per rail section or 16 hours per mile. If the rail is cut by torch, it would be quicker and cheaper but would require two additional saw cuts per torch cut before reinstalling and would create substantial waste. He total cost of handling and transportation would actually be increased by this process and the value of the rail would be substantially diminished.

   CRA estimates If care is taken during the rail removal process to place the removed rail so that it can be easily loaded onto a rail train, the cost of picking up the rail would be less that the cost of cutting the rail into 200 ft sections and individually loading and stacking the rail onto rail cars. And, the value of the underlying asset would be preserved.

   CDOT regularly received cars for transporting new rail inbound and can, with a little planning, use the same cars for transporting the surplus rail to other railroads.

Members of the Connecticut Railroad Association operate over many miles of rail line on state owned property, much of which is 100 years old or older and at the end of its expected service life. Use of welded rail which is surplus from Connecticut passenger lines could go a long way in solving this crisis. Cutting the welded rail into 200 ft lengths in large measure defeats the purpose.

Connecticut Railroad Association recommends that the words "having a maximum length of two hundred feet" be removed from Lines 637 and 638 of the proposed bill.

2. Proposed Section 19(b) would impose a new cost upon the freight railroads. The section contains the following provision"

> "The selected freight railroad company shall arrange for and pay the costs associated with the handling and delivery of the surplus rail material from a specific location within a rail yard or along a siding track in the state."

This directly reverses the policy embodied in the original statute adopted in 2009 which was that the state would facilitate the use of surplus material for the freight rail lines by delivering the rail to the freight carriers. This was never intended to be cost free to DOT, it was intended to take advantage of an opportunity to improve state infrastructure at a drastically reduced price. The proposed changes would effectively destroy the value that the original legislation sought to capture.

While CRA understands the desire of DOT to avoid costs in general, when the material is being provided to improve state owned rail lines, as a policy consideration, the delivery cost should be absorbed by the state. DOT proposes to remove the requirement that, in the case of privately owned rail lines, the recipient of the material pay to the state the scrap value of the material received and instead proposes placing the transportation cost on the recipient. In the case of privately owned lines, that is not unreasonable. Connecticut Railroad Association suggests the following language to replace the language in lines 676 through 680 of the proposed bill.

<u>In the case of material transferred for use in a rail line not owned by the State of Connecticut</u>, the selected freight railroad shall (1) arrange for and pay the costs associated with the handling and delivery of the surplus rail material from a specific location within a rail yard or along a siding track in the state. <u>Such costs shall not include handling by DOT or Metro North or the loading of rail into rail cars for transportation to the DOT distribution site</u>. <u>In the case of welded rail or long lengths which require special equipment to pick up and transport to the specific location, the rail will be delivered to the selected freight carrier in the rail cars.</u>

[The addition of the last two sentences is necessary to clarify what is hoped to be DOT's intention]

The proposal of one or more central locations from which DOT can bring the materials for distribution to the freight carriers is a good proposal for materials other than long lengths of rail (whether ¼ mile or 200 feet). The process of picking up such rail on site and transporting it to a delivery location requires specialized cars and equipment. If it is unloaded at the CDOT delivery site, it would have to be reloaded onto the same type of specialized cars in a process which would, at the least, be very expensive and which might be virtually impossible.

Connecticut Railroad Association appreciates this opportunity to comment on Proposed Raised Bill No. 6484 and would welcome any questions by any Legislator.

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