

# SCOPE OF NEED

*Seventh Annual Summary*

## FORECAST: 2023-2028

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**5-Year MN Freight Rail  
Repair, Improvement and  
Economic Development  
Capital Funding Need:  
*\$151.4 Million***

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Planned Local Projects Needing State  
Support for Rail & Bridge Upgrades,  
New Industrial Parks & Job Creation

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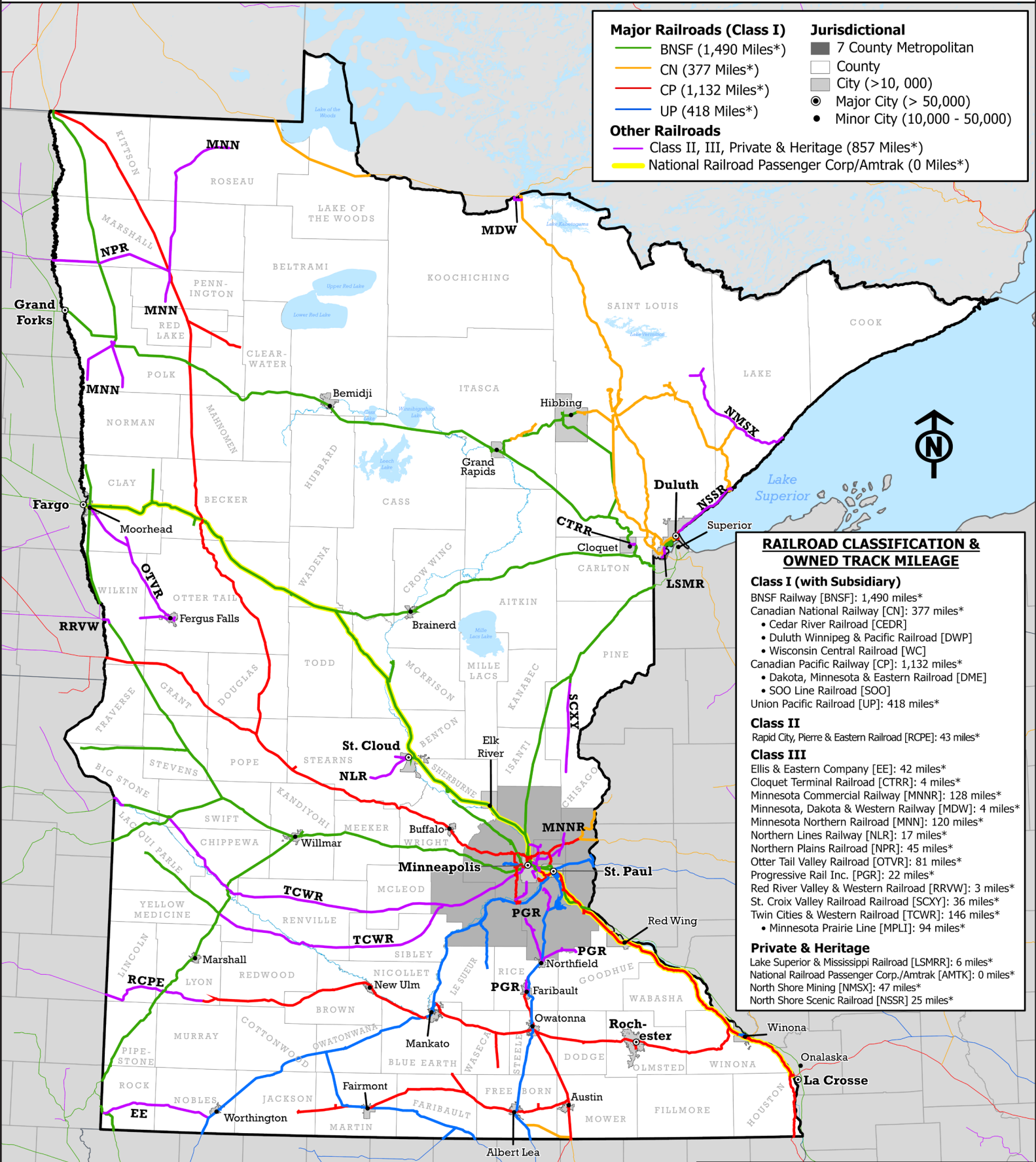
*Nine shortline freight railroads serving more than 40 communities in 34 counties and four proposed or “in-development” rail-served industrial parks with the potential to create hundreds of new jobs for Minnesota offer their detailed cost estimates of “shovel ready” projects needed and planned for years 2023-2028, all highly dependent on significant new state funding support to proceed and succeed.*

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# Minnesota Operating Railroads: Statewide

MnDOT Office of Freight and Commercial Vehicle Operations

September 2022



Major Railroads (Class I)	Jurisdictional
BNSF (1,490 Miles*)	7 County Metropolitan
CN (377 Miles*)	County
CP (1,132 Miles*)	City (> 10, 000)
UP (418 Miles*)	Major City (> 50,000)
	Minor City (10,000 - 50,000)
Other Railroads	
Class II, III, Private & Heritage (857 Miles*)	
National Railroad Passenger Corp./Amtrak (0 Miles*)	

### RAILROAD CLASSIFICATION & OWNED TRACK MILEAGE

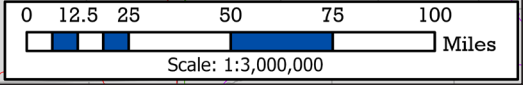
**Class I (with Subsidiary)**  
 BNSF Railway [BNSF]: 1,490 miles\*  
 Canadian National Railway [CN]: 377 miles\*  
 • Cedar River Railroad [CEDR]  
 • Duluth Winnipeg & Pacific Railroad [DWP]  
 • Wisconsin Central Railroad [WC]  
 Canadian Pacific Railway [CP]: 1,132 miles\*  
 • Dakota, Minnesota & Eastern Railroad [DME]  
 • SOO Line Railroad [SOO]  
 Union Pacific Railroad [UP]: 418 miles\*

**Class II**  
 Rapid City, Pierre & Eastern Railroad [RCPE]: 43 miles\*

**Class III**  
 Ellis & Eastern Company [EE]: 42 miles\*  
 Cloquet Terminal Railroad [CTRR]: 4 miles\*  
 Minnesota Commercial Railway [MNNR]: 128 miles\*  
 Minnesota, Dakota & Western Railway [MDW]: 4 miles\*  
 Minnesota Northern Railroad [MNN]: 120 miles\*  
 Northern Lines Railway [NLR]: 17 miles\*  
 Northern Plains Railroad [NPR]: 45 miles\*  
 Otter Tail Valley Railroad [OTVR]: 81 miles\*  
 Progressive Rail Inc. [PGR]: 22 miles\*  
 Red River Valley & Western Railroad [RRVW]: 3 miles\*  
 St. Croix Valley Railroad [SCXY]: 36 miles\*  
 Twin Cities & Western Railroad [TCWR]: 146 miles\*  
 • Minnesota Prairie Line [MPLI]: 94 miles\*

**Private & Heritage**  
 Lake Superior & Mississippi Railroad [LSMRR]: 6 miles\*  
 National Railroad Passenger Corp./Amtrak [AMTK]: 0 miles\*  
 North Shore Mining [NMSX]: 47 miles\*  
 North Shore Scenic Railroad [NSSR]: 25 miles\*

"Maps and Related Data" Disclaimer:  
<https://www.dot.state.mn.us/information/disclaimer.html>



\*Railroad classification and "owned track mileage" as reported by the Minnesota Regional Railroad Association as of 2022.

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# PROJECTS NEEDING STATE SUPPORT

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*COUNTIES: GOODHUE, DAKOTA & HENNEPIN*



<b>Progressive Railway (PGR)</b> .....	<b>\$ 15,005,000</b>
• Replace 4,000 ties and surface rock, Bloomington.....	\$650,000
• Replace 4,000 ties on the Eagandale line.....	\$650,000
• Repair Nine Mile Creek bridge on Dan Patch Line in Bloomington.....	\$305,000
• Repair Highway 3 Overpass in Rosemount.....	\$550,000
• Construct new siding on the Dan Patch Line near 98th Street, Bloomington, providing a run-around track for the PGR warehouse.....	\$600,000
• Replace 5 miles of 80 lb. rail with 115 lb. rail from Randolph (CP/UP interchange South of Northfield) to CF.....	\$5,500,000
• Replace 2 miles of 80 lb. rail with 115 lb. rail in Faribault.....	\$2,500,000
• Replace 4 miles of 90 lb. rail on Northfield to Lakeville line with 115 lb. rail.....	\$4,250,000

**Contact: Andrea Dobbelmann, CEO, 612-500-3125**

*Service Area:* Four in Minnesota: from Northfield to Lakeville, serving Boise Cascade, Wausau Building Materials, Menasha, several plastics users and main transload warehouse in Lakeville; Northfield to Cannon Falls with Randolph as an intermediate station and Northfield to Faribault, biggest customer CFS Grain with unit trains of grain out of Randolph, and various customers through a transload facility in Cannon Falls; Rosemount to Eagan, serving Villaume Lumber, CocaCola, Holcim Cement, and Home Depot in Rosemount; from Bloomington to Minneapolis on Dan Patch Line, serving its largest transload warehouse in Bloomington.

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## **COUNTY: WRIGHT**

**Otsego: I-94 West Metro Railroad Industrial Park**..... **\$4,114,000**

Rail-served 72-acre industrial park for GCC, nation's largest cement producer; Currently constructing a cement off-load facility with storage silos, warehouse, office building and on-site tracks for a railroad storage yard on 18.85 acres.

- Construction of mainline and other switches, and main industrial lead.....\$2,662,000
- Installation of two crossing arms, CR19 and CR37.....\$1,452,000

**Contact: Wayne Elam, President, Commercial Realty Solutions, 763-682-2400**

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**City of Monticello: Railroad Crossings Upgrades**..... **\$1,188,000**

- Urgent upgrading of 9 rail crossings within the city, per quote provided by BNSF, \$132,000 per crossing, including controls.

**Contact: Jim Thares, Economic Development Manager, 763-295-2711**

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COUNTIES: RAMSEY, HENNEPIN, CARVER, McLEOD, RENVILLE, CHIPPEWA, SWIFT & BIG STONE



**Twin Cities & Western Railroad**.....\$15,840,000

- Slide and weld program on 107 miles of aged (60 years +) rail to accommodate heavier rail car loads and increased shipments from grain elevators, terminals and ethanol producers on the line, and continue to provide safe and reliable service.....\$12,100,000
- Build two additional passing sidings, each long enough to handle up to 100-car unit trains of grain or ethanol.....\$3,300,000
- Rehabilitate three-quarter mile track in Savage, MN, owned and unused by Canadian Pacific Railway, to enable direct rail to river port facilities of Cargill, Riverland Consolidated Grain & Barge, and CENEX Harvest States port facilities.....\$440,000

**Contact: Mark Wegner, President, 800-290-8297**

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COUNTIES: MARSHALL & PENNINGTON



**Northern Plains Railroad**.....\$5,500,000

- Ties, ballast and re-surfacing programs.....\$1,500,000
- Rail relay.....\$4,000,000

**Service Area:** NP operates approximately 50 miles within Minnesota between the cities of Oslo and Thief River Falls; other cities served include Alvarado, Warren and Poland; industries served include agriculture (grain and fertilizer) and aggregates. NP connects with Canadian Pacific Railway at Thief River Falls, providing MN shippers access to markets throughout North America.

**Contact: Dan Mack, Executive Vice President, 651-335-1612**

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COUNTY: DAKOTA

**Union Pacific Railroad**.....\$800,000

- Replacement of two older, narrow Union Pacific railroad bridges over state and local roads; estimated cost is \$800,000.

**Contact: Dakota County Regional Rail Authority, 651-439-4418**

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COUNTY: SHERBURNE

**City of Big Lake**.....\$10,000,000

- Proposed 1,200-acre rail-served industrial park, currently greenfields but with extreme potential to develop and become a rail-served site, served by BNSF Main Line; requires 2 mainline switches, \$3,000,000; 20,000 feet of track, \$5,000,000; internal switches and derails, \$1,000,000; contingencies, \$1 million.

**Contact: Community Development Director, 763-251-2979**

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**COUNTIES: ANOKA, HENNEPIN, RAMSEY & WASHINGTON**



**Minnesota Commercial Railway**..... **\$ 2,750,000**

**Rail & Tie Program**

- Build new siding to adequately serve existing and future customers in Roseville, MN..... \$850,000
- Update and replace lightweight and worn rail on several yard tracks including new ties and ballast to support the rail in St. Paul, MN..... \$1,400,000
- Update and replace lightweight and worn rail on several yard tracks, including new ties and ballast to support the new rail in New Brighton, MN..... \$500,000

**Service Area:** MNNR owns or leases 86 miles of track and connects with all Twin Cities railroads, serving a total of ten communities with a line main extending from St. Paul to the northern suburbs of Anoka and east in Hugo; Amtrak travels over MNNR lines to reach the St. Paul Union Depot. Serves 82 customers, including WestRock, Commercial Transload of Minnesota, Ratner Steel, SSAB, Weekes Forest Products, General Mills, ADM and the Hugo and Roseville industrial parks. Among commodities handled are steel, lumber, oats, wheat, paper, salt.

**Contact: Wayne Hall, Co-President and COO, 651-632-9000**

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**COUNTIES: MARTIN, NORMAN, POLK & ROSEAU**



**Minnesota Northern Railroad (MNN)**..... **\$8,100,000**

**St. Croix Valley Railroad (SCXY)**

- MNN: Upgrade 23 miles of 68 lb. rail with 90 lb. rail between MP 59 to MP 82 on Warroad Subdivision... \$4,048,000
- SCXY: Upgrade 3 miles of worn out rail in the next five years..... \$861,200
- MNN & SCXY: Ada, Perley, Warroad and Amber Subdivisions; Crookston Yard, 5-year replacement program, including cross ties, bridge
- Ties, ballast and spikes..... \$3,990,800

**Contact: Jason Bierwerth, Manager of Operations, 218-281-4704**

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**COUNTIES: CARVER, SIBLEY, RENVILLE, REDWOOD & YELLOW MEDICINE**



**Minnesota Prairie Line**..... **\$53,700,000**

- The Minnesota Valley Regional Rail Authority has identified the following capital needs to complete the rehabilitation of the Line to Class 2 standards, at 286,000 lb. car weights. Since 2002, the line has been rehabilitated from Norwood-Young America through Gibbon, a distance of approximately 40 miles; work on track from Gibbon to Fairfax is funded, adding another 7 miles of Class 2. Balance of the project, from Fairfax MP 97.7 to Hanley Falls, MP 146, 58.3 miles will require approximately \$53.7 million, including rehabilitation of two river crossing bridges, additional ties and ballast (considerable amount of new ties and ballast already installed to make this portion of the line passable) and upgrading of all of the rail to 125lb. welded rail.

**Service Area:** MNVRRRA (Minnesota Prairie Line) serves the five-county region in South Central Minnesota: Carver, Sibley, Renville, Redwood and Yellow Medicine. Local, state and federal investment in rehabilitation have resulted in a major ethanol plant, upgrades to two elevators to load unit trains, another to load specialty organic grains, inbound salt and ag chemicals and construction of a regional fertilizer facility. Additional investment will result in at least two more elevator upgrades and probable expansion of international grain market outlets through reconnection at the west end of the line. To date, each town that has had rail rehabilitation completed has had their historic declines in population, employment and tax base stopped and in most cases have experienced a reversal in fortunes.

**Contact: Michael Beard, Government Affairs, 612-369-3095**

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**COUNTIES: NOBLES & ROCK**



<b>Ellis &amp; Eastern Railroad</b> .....	<b>\$28,433,751</b>
Tie Replacement Program	
• Five -year replacement program.....	\$3,361,000
Bridge Program	
• 17 bridges: repairs, replacements with culvert and/or new construction.....	\$3,643,000
Rail Program	
• Upgrade rail to 115 lb., tie replacement, ballast, etc.; surfacing, engineering, environmental, etc.....	\$19,329,751
Economic Development	
• Rail siding repairs and switches; construction of new sidings and switches	
• Cold storage warehouse adjacent to Premium MN Pork processing plant	
• Luverne, MN, rail spur.....	\$400,000
• Rail sidings for economic development in Luverne, MN for rail industrial manufacturer/warehouse project.....	\$2,500,000

*Service Area:* Nobles and Rock County communities of Worthington, Rushmore, Adrian, Magnolia, Luverne and Beaver Creek

**Contact: Dan Kippley, Economic & Business Development, 605-553-3383**

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**COUNTIES: ST. LOUIS & LAKE**



<b>Duluth &amp; North Shore Scenic Railroad</b> .....	<b>\$760,000</b>
<b>North Shore Scenic Railroad</b>	
• Rail siding for private car Bed & Breakfast in support of tourism and economic development in Knife River, MN, and historic preservation in Lake County (part of Knife River Heritage and Cultural Center); community has raised \$200,000 for part of the project, as a match. Property is owned by the Regional Rail Authority; Siding in Duluth, for the North Shore Scenic Railroad and Lake Superior Railroad Museum's passenger car storage building that will improve tourism and spur economic development.	

**Contact: Ken Buehler, General Manager, 218-733-7590**

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**COUNTY: CARVER**

<b>Norwood-Young America Industrial Park</b> .....	<b>\$5,200,000</b>
• Proposed rail-served transload facility and industrial park; site preparation and development; construction of spur, switch and onsite storage facilities	

**Contact: Merrill Busch, Government Relations / Development Advisor, 612-716-5664**

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# FUNDING REQUIRED IN 2023-2028 TO RENEW AND EXPAND MINNESOTA'S FREIGHT RAIL SYSTEM

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**GRAND TOTAL: \$151,390,751**

\*Does not include other projects over the same 5-year period not fully identified as yet or in early stages of study or planning with costs still to be determined, nor does it include expected inflation-related cost increases for labor and materials required for projects listed.\*

## Why Is State Funding Needed for These Projects?

Over the years, Minnesota has provided only limited state support for rail infrastructure and rail-related economic development needs of Class II or III short line rail carriers, while neighboring states Wisconsin, Iowa and South Dakota have each invested tens of millions in keeping their networks safe, reliable and economically viable.

This continuing lack of investment in freight rail has made our state far less competitive in the Midwest marketplace for our agricultural, industrial and commercial products, displacing it as the key logistical hub it once was, with long term negative consequences for retaining existing employers and attracting new or relocating businesses and industries.

Legislation is needed to address these already-identified urgent needs around the state – most of them “shovel-ready” projects requiring only substantial capital to go forward. The projects cited as awaiting financing include those proposed by seven of the state's short line freight rail companies, and twenty-nine counties, four of which have major new industrial parks either in development or planned, potentially housing dozens of businesses and thousands of new employees, but with no means by which to finance them. Each of these planned projects urgently requires freight rail service for it to be developed and to succeed.

Currently, proposed legislation would provide state funding assistance for some of these projects, as well as instituting new, more accessible loan and grant processes that would be both “business-friendly” and speedy. The latter is important because new industrial development—and in some cases, rail service improvement and repair projects, especially those with safety implications—need to be processed and approved quickly, given the high degree of competition for new business among neighboring states.

Minnesota's short line rail industry is again this year seeking a modest amount of state funding compared with the high level of state spending on highways in support of highly polluting truck traffic, a direct—and more expensive—competitor to rail shipping. Over the years, Minnesota has sold billions in bonds to fund repairs and improvements to trunk highways for truck traffic—in sharp contrast to the relatively small amount of funding needed over the next five years to rehabilitate and expand the state's efficient and conservation-friendly freight rail system.

Unlike Wisconsin, Iowa and other states, Minnesota has no ongoing grants program for assisting short lines and their industrial or agricultural customers. MNDOT's local rail services assistance facility, the MRSI program, is primarily a loan program, requiring liens to be placed on properties used as collateral, with repayment within 10 years. Because most short lines operate on trackage owned by larger Class I carriers under leases which prohibit liens on their properties—and because in many cases loans are simply not viable due to the slim operating margins of the railroads needing them—this program is inadequate to address the scale of the need. ***What is needed is a major state commitment to addressing the rapidly growing infrastructure repair, improvement and new construction cost burdens confronting short line owners.***

***Minnesota ranks fourth in the nation for tons of freight exported by rail. The state's rail system (eighth largest in the nation) transports 228 million tons of freight every year.***

*- Minnesota Regional Railroads Association*

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# Greater State Investment in Improving and Expanding Freight Rail Infrastructure is the Key to Growing Local Economies and Future Job Creation in Minnesota

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## The Real Impact of State Support?

- ✓ **CONSTRUCTION** of many new rail leads and spurs to serve growing shippers, and new, rebuilt or expanded sidings for rail customers and railroads
- ✓ **REPLACEMENT** of hundreds of miles of old, obsolete and light capacity rail with heavier rail capable of competitively carrying current loads--up to 280,000 lb. capacity rail cars
- ✓ **EXPANSION AND RENEWAL** of dozens of key grain elevators, critical to Minnesota's ability to compete in the global ag and food marketplace
- ✓ **NEW AND REBUILT** railroad bridges and crossings in cities and townships across the state of Minnesota, saving millions in potential repair and replacement costs
- ✓ **TRACKAGE** for newly developed or planned rail-served industrial parks for new, expanding or relocating businesses
- ✓ **NEW GRAIN** gathering and storage terminals, strategically located, enabling more farmers to ship via lower cost 110-car unit trains
- ✓ **NEW BUSINESS FORMATIONS** employing hundreds of workers, with growing purchases of services and goods from local suppliers
- ✓ **EXPANSION OF LOCAL TAX BASES**, bringing new sources of local municipal revenues and greater financial support for schools and local organizations and charities

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