SHORT LINE AND REGIONAL RAILROADS – WHAT ARE THEY?

Jo Strang
American Short Line & Regional Railroad Association
Washington, DC
Feb 20, 2019
Classification of U.S. Railroads

U.S. railroads are divided into three classifications – Class I, Class II, and Class III

The Surface Transportation Board annually classifies based on annual revenues, as determined by the Board. The current designation are:

Class I: $447.6 Million or more of operating revenue

Class II: $35.8 Million or more of operating revenue

Class III: Less than $35.8 Million of operating revenue
Short Line and Regional Railroad Focuses

- Safe Transportation
- Long Term Transportation Investments
- Connecting America's Communities
- Strengthening America's Economy
- Protecting America's Environment
Short Line Profile

- 603 Short Lines consisting of Class II, III, switching and terminal railroads in North America
- 18,000 Employees
- Total route miles – about 50,000 constituting 32 percent of the nation's rail system
- Average Route Mileage – 79
- Customers Served – 10,000
- Participate in 40 percent of all carload movements but earn only five percent of the revenue generated on the national rail system
- Up to 90% of small railroad traffic is subject to competition from trucks or barges
- Interchange with one or more of the Class I railroads
What Short Lines Do

- Provide the "first and last mile" of rail services
- Connect farms, factories, communities, ports, waterways, highways and freight transfer hubs to the national rail network
- Connect largely less populated, rural areas to the national rail network
- Face pervasive competition trucks, barges, and transloading operations for freight traffic
Short Line and Class I Similarities

- Short Lines and Class I’s generally use similar equipment – for example, locomotives and railcars
- Regulatory oversight is basically the same
- Both focus on safe operations including supporting Operation Lifesaver
- Both participate in the Rail Safety Advisory Council
- Freight rail limits greenhouse gas emissions, increasing fuel efficiency, and reducing its carbon footprint – on average, railroads can move one ton of freight 479 miles per gallon of fuel
- Track gauge is the same (4’ 8½”) throughout the national rail system
- Both support common sense regulation
Short Line and Class I Differences

- The economics for Short Lines differ from Class I’s
- Generally, only a few customers account for the vast majority of traffic – on average, three customers account for two-thirds of the rail traffic on Short Lines
- Unlike Class I’s, Short Lines cannot achieve economies of scale on their rail lines because their territories are small, their traffic densities are low, and they are primarily involved in the costly, switching-intensive portions of rail moves. As a result, fixed costs are by far the largest proportion of their total costs
- Short Line costs cannot be spread over a vast rail system or large customer base
- Median length of haul for Class III railroads is only 15 miles
American Short Line and Regional Railroad Association

- ASLRRRA is a 501(C)(3) trade association
- ASLRRRA represents 500 Class II, III and switching companies Railroads and 470 Associate Members
- ASLRRRA represents its members before Congress, the FRA, the STB, Homeland Security, TSA, OSHA, EPA, SBA, AAR, and Class I railroads
- Deliver information from Federal Agencies on such subjects as safety, security, technology, and training
OPPORTUNITIES AND CHALLENGES

- Short Line tax credit (known as 45G)
- Truck size and weight legislation
- Positive Train Control
- Training Standards
- Hours of Service
- ECP Brakes
- Risk Reduction
- Short Line Safety Institute
- Grants
The Short Line Safety Institute

Goals of the Institute

- Reduce human-factor accidents/incidents
- Improve the safety culture of short line and regional railroads
- Provide training resources for short lines
- Provide research
- Communicate safety information
- Hazmat Training
Safety Culture Assessment

- Employees Complete On-line Confidential Survey
- Assessor Teams
- Meet with Managers and Employees
  - Review Documents
  - Observe Field Operations
  - Interview Employees
  - Develop a Comprehensive Report
- Closeout Meeting
Rail Technology Enhancements

- **Communications** Growth and Redundancy
- **Data Collection** Management, Analysis and “Big Data”; Predictions and Trend ID
- **Simulations**: Design, Testing, Training
- **Safety Advances**: Advanced Modeling / Testing / Design
- **Equipment / Facilities / Yard / Locos & Car Enhancements**
“Future”

- Export Competition
- Decreasing Railroad Regulatory Requirements and Enforcement
- Cautious Business Sector
- Competition from Trucks and Barges
- Steady Rail Industry Transformation in Response to Changes in Commodities, Technology, Volumes, Regulatory Compliance, Consumer Interests
American Short Line and Regional Railroad Association

Celebrating a Century of Connections