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**Department of Transportation**

# Washington Grain Train



**A financially self-sustaining freight transportation program that supports Washington's farmers, short-line railroads, and rural economic development.**

**April 2010**

# Washington Grain Train

## What is the Washington Grain Train?

The Washington Grain Train is a transportation program that produces a number of important public benefits at no cost to Washington taxpayers. Serving over 2,500 cooperative members and farmers in one of the most productive grain-growing regions in the world, the Washington Grain Train helps carry thousands of tons of grain to deepwater ports along the Columbia River and Puget Sound. From there the grain is loaded onto ships bound for Pacific Rim markets.

The Washington State Grain Train currently owns 89 grain cars (71 are owned by the state, and 18 are owned by the Port of Walla Walla). The Union Pacific Railroad (UP), BNSF Railway Company (BNSF), and Washington short-line railroads operate the cars and carry the grain to market.

## Why did WSDOT start the Washington Grain Train program?

In the early 1990s, a national shortage of rail hopper cars made it difficult and expensive for Washington State farmers to get grain to market. The transcontinental railroads were earning more money hauling grain from the Midwest to ports in the Pacific Northwest than they could through shorter distance trips within Washington. This reduced the supply of empty grain cars for eastern Washington grain shippers. To help alleviate this shortage of grain cars, the Washington State Energy Office and WSDOT used federal funds from a successful lawsuit against oil companies to purchase 29 used grain cars for dedicated service within Washington. These rail cars, built between 1966 and 1981, were then repaired and repainted. The total cost for the original 29-car fleet was \$763,000.

## How does the public benefit from the program?

The Washington Grain Train produces a number of important public benefits. The Grain Train:

- Helps move Washington products reliably and efficiently to domestic and international markets.
- Helps preserve Washington's short-line railroads by generating revenues that may be used to upgrade rail lines and support the railroad's long-term infrastructure needs.
- Helps support a healthy rail network that may maintain and attract new businesses—especially in rural areas of Washington.
- Saves fuel over shipping by truck.

- Supports air quality improvement initiatives.
- Helps reduce wear and tear on local roadways by utilizing rail.
- Was started with federal “seed” money and operates without any taxpayer subsidy.

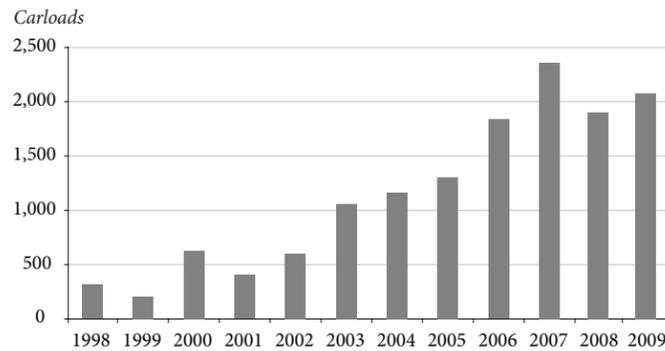
## Who manages the Washington Grain Train?

WSDOT, the Port of Walla Walla, the Port of Moses Lake, and the Port of Whitman County all manage the Washington Grain Train. WSDOT has oversight of the entire program, and the port districts collect monthly payments from UP and BNSF for the use of the cars. The ports can use up to one percent of the payments they receive from the UP and BNSF for fleet management services.

## How well is the Grain Train program performing today?

Use of the grain cars remains strong. Since its beginning, the Grain Train program has carried over 14,000 carloads totaling more than 1,400,000 tons of grain from Washington to national and international markets. Total carloads for the first quarter of 2010 were 581 – an increase of 34.4 percent over the total carloads of the first quarter of 2009. There were a total of 2,068 carloads shipped in 2009 compared 1,771 carloads in 2008 – a 16.7 percent increase.

### Annual Grain Train Carloads



## Which communities are served by the Washington Grain Train?

The Washington Grain Train collects wheat and barley from grain elevators in eight cities in eastern Washington. Twenty-nine of the 89 cars are positioned on the Columbia Basin Railroad that extends from Moses Lake to Connell. These cars collect wheat and barley from the grain elevators in Warden and Schrag. These grain cars are transferred to BNSF at Connell for transportation to export

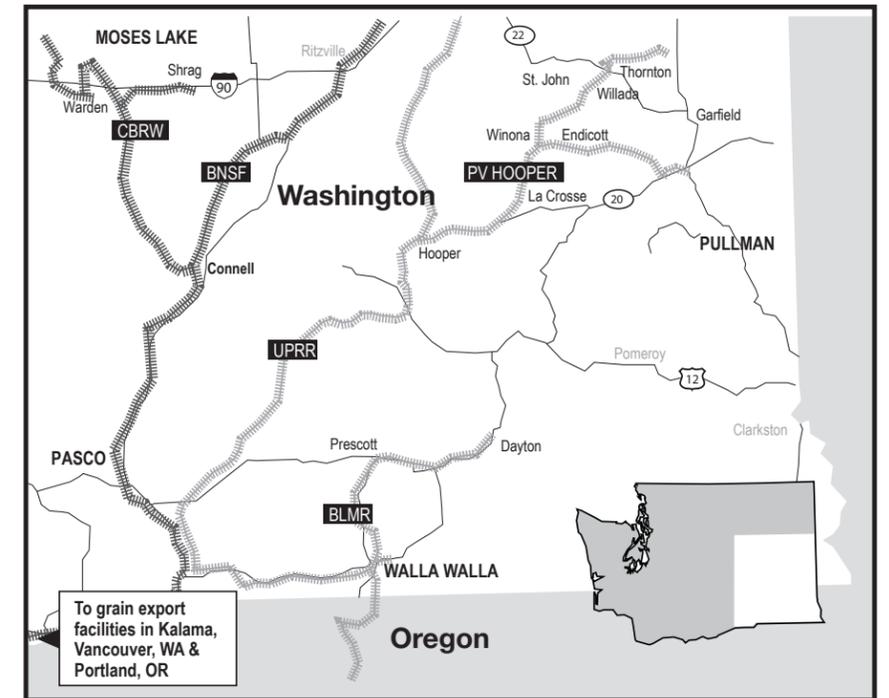
facilities in Kalama, Tacoma, Seattle, Vancouver, WA, and Portland, OR. Once the grain hopper cars have been emptied at the grain export facilities, the cars are hauled back to eastern Washington by the UP and/or BNSF, and then the cycle begins again.

The remaining cars are used in the shuttle service between grain elevators on the Pleasant Valley Hooper Railroad (PVH) line and the Blue Mountain Railroad (BLMR) line to a barge facility on the Columbia River. These cars collect wheat and barley from the grain elevators in La Crosse, Prescott, Endicott, Willada, St. John, and Thornton. Barges then transport the grain to ports in Vancouver, Kalama, and Portland.

## How is the Washington Grain Train funded?

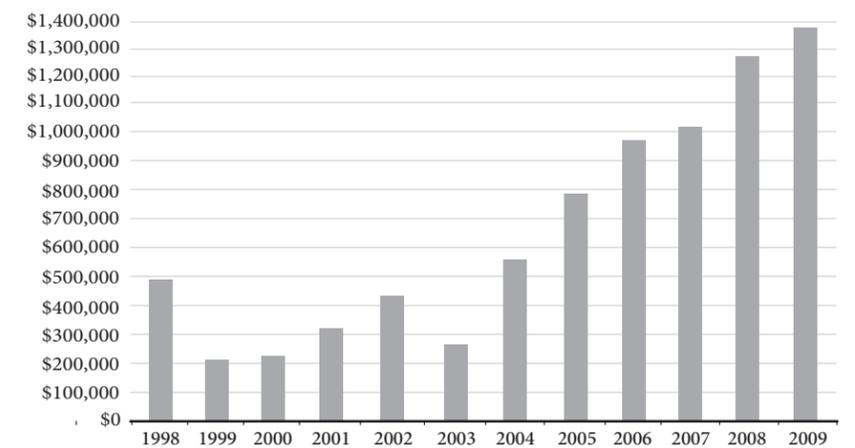
The Washington Grain Train's day-to-day business operations support a unique reserve fund that pays for maintenance, car replacement, and fleet expansion. Funding for the Grain Train program is achieved by the following system:

- The grain shippers pay the railroads a haulage fee for grain movement to the deepwater ports. The short-line railroads and the Class I railroads—the UP and BNSF—share these haulage fees.
- The UP and BNSF then pay the short-line railroads a “rental” fee for the use of the publicly-owned grain hopper cars. These rental fees are deposited directly into accounts managed by each of the three port districts. A portion of these funds is used for grain car maintenance, a portion is set aside for eventual car replacement (based on a 20-year depreciation schedule), and the rest is set aside and used as a “reserve” fund that is periodically tapped for fleet expansion.



- Once the reserve fund has grown large enough to purchase rail cars and there is a demonstrated need for additional cars, WSDOT can instruct the port districts to send funds to a rail car sales firm selected by WSDOT. This firm then delivers the cars (a standard 26-car set and three extras) to Washington for painting and, finally, service on a specific corridor where there is a shortage of grain hopper cars.

### Grain Train Revolving Fund (Washington State-Owned Cars)



## What improvements are planned for the Washington Grain Train?

In 2009, the state Legislature directed WSDOT to acquire 29 additional grain hopper rail cars once the program reached \$1.18 million. In winter 2010, WSDOT began the process of locating 29 service ready grain hopper rail cars.