

INFRASTRUCTURE PLANNING

Wisconsin's Public Railroad System



Wisconsin's Transportation
Network Infrastructure Special Committee

December 14, 2004

Ken Lucht
Wisconsin & Southern
Railroad Co.



Wisconsin Railroads

January 2004

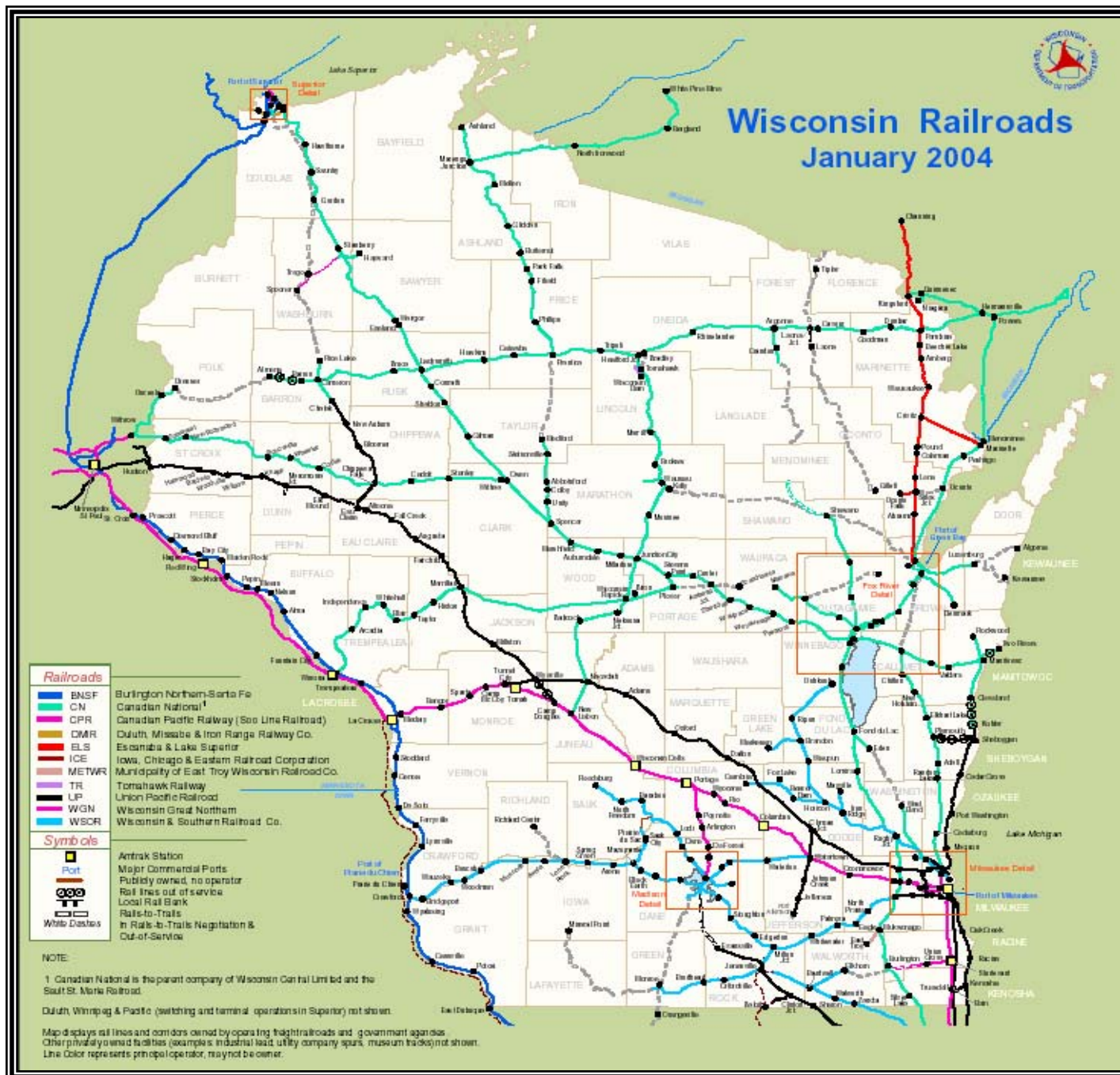
Railroads	
	BNSF
	CN
	CPR
	DMR
	ELS
	ICE
	METWR
	TR
	UP
	WGN
	WSOR
Symbols	
	Amtrak Station
	Major Commercial Ports
	Publicly owned, no operator
	Rail lines out of service
	Local Rail Bank
	Rails-to-Trails
	In Rails-to-Trails Negotiation & Out-of-Service

NOTE:

1. Canadian National is the parent company of Wisconsin Central Limited and the Sault Ste. Marie Railroad.

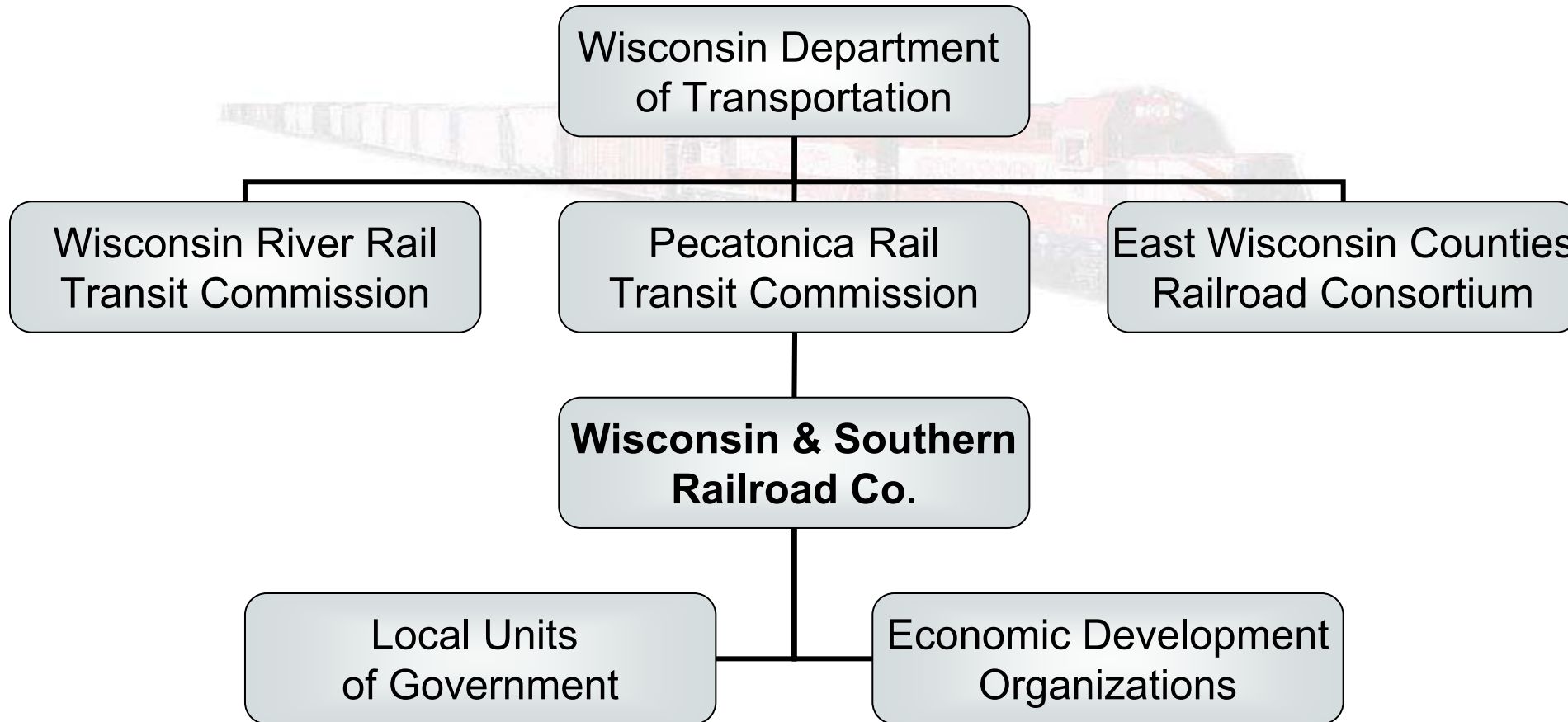
Duluth, Winnipeg & Pacific (switching and terminal operations in Superior) not shown.

Map displays all lines and corridors owned by operating freight railroads and government agencies. Other privately owned facilities (examples: industrial lead, utility company spur, museum tracks) not shown. Line Color represents principal operator, may not be owner.



A PUBLIC / PRIVATE PARTNERSHIP

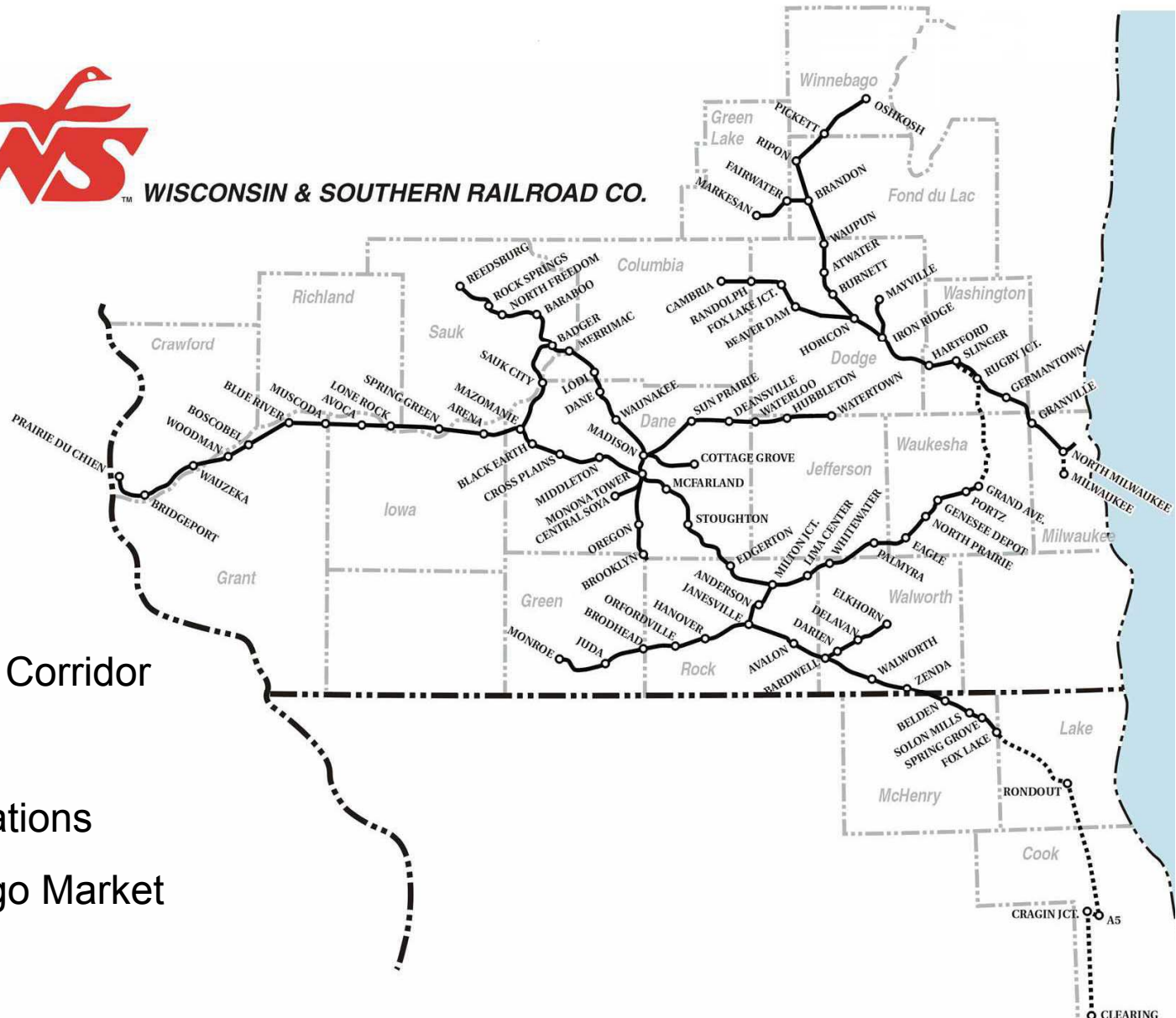
Est. under Stats. 66.1021



WISCONSIN PUBLIC RAILROAD NETWORK



WISCONSIN & SOUTHERN RAILROAD CO.



550 miles of Rail Corridor

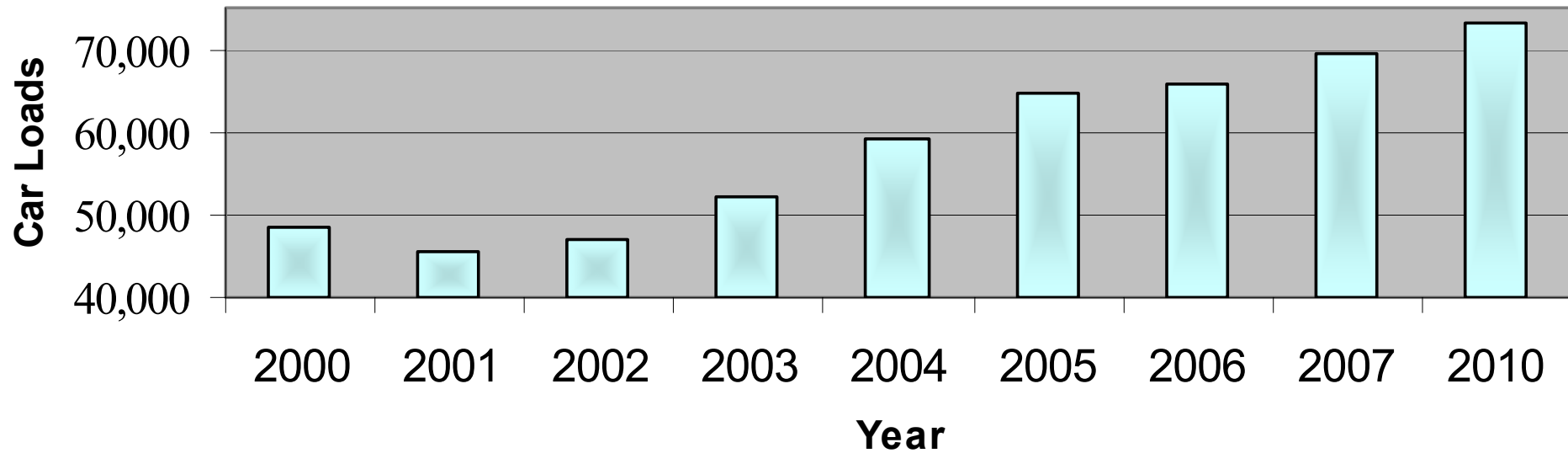
340+ Bridges

4 Transload Locations

Access to Chicago Market

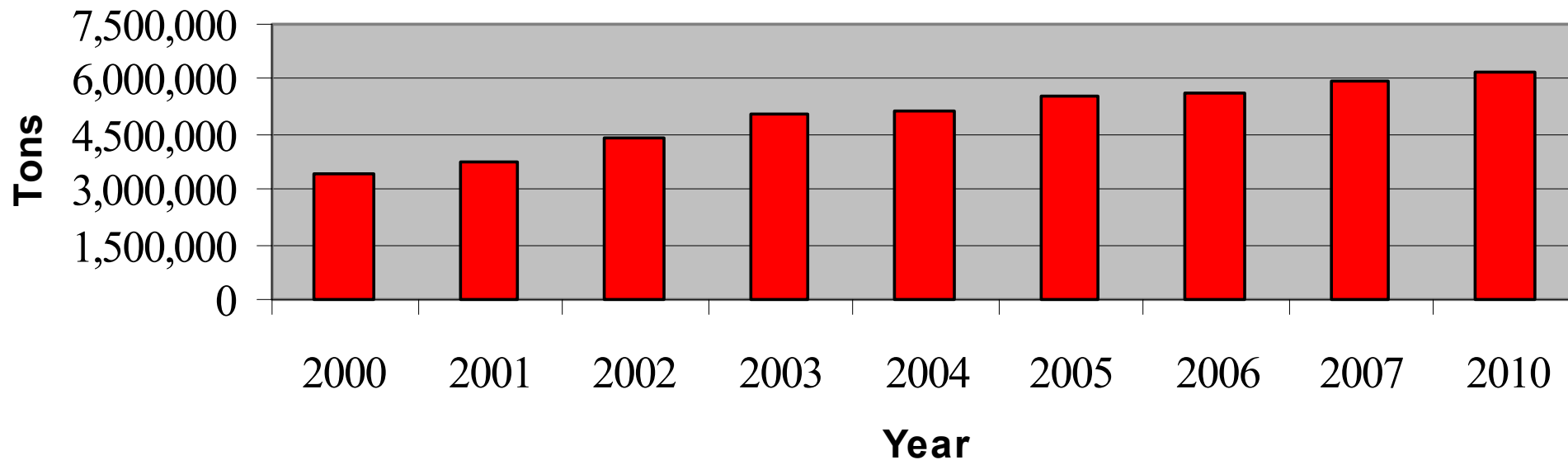
TRENDS

Car Loads Historical / Projected



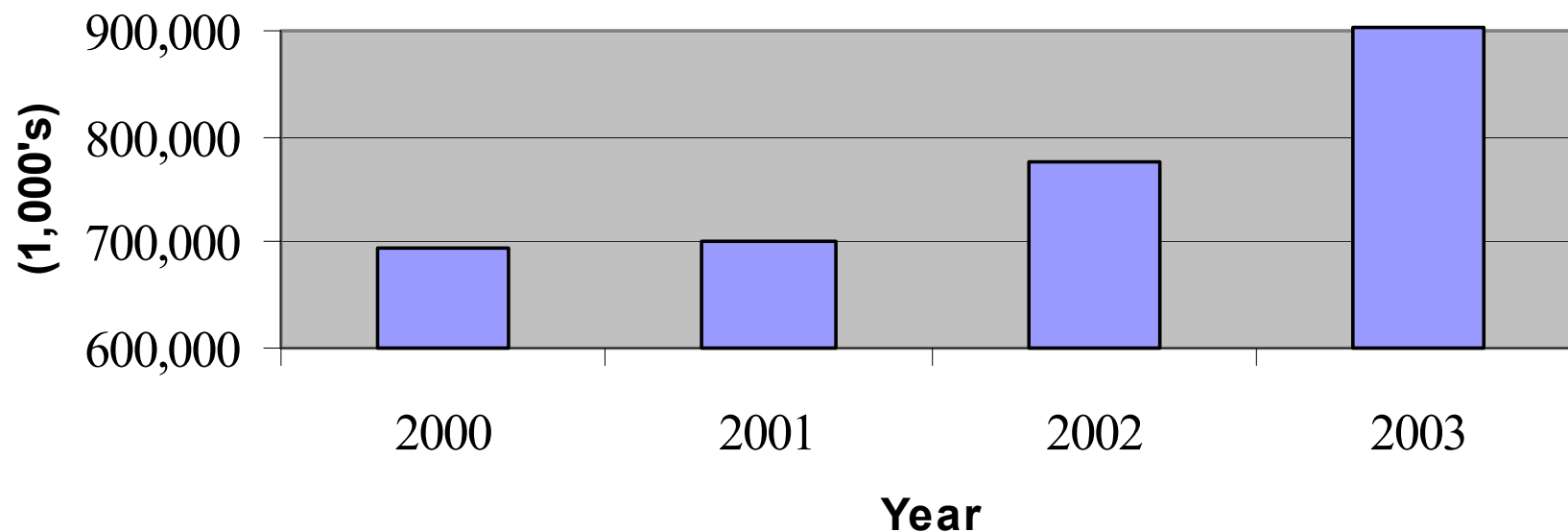
TRENDS

Tons Transported Historical / Projected



TRENDS

Gross Ton Miles 4-Yr. Period



ECONOMIC SNAPSHOT

ECONOMIC SUMMARY

PUBLIC FREIGHT RAILROAD SYSTEM OWNED AND MANAGED BY THE STATE OF WISCONSIN

In Wisconsin, there are 150+ industries in 18 counties that ship freight by rail utilizing the public freight railroad system operated by the Wisconsin & Southern Railroad Co. Shipping freight by rail provides industries with a low cost, efficient alternative to shipping by truck or other means.

PARTICIPATING COUNTIES:	COLUMBIA	GREEN	ROCK
	CRAWFORD	GREEN LAKE	SAUK
	DANE	IOWA	WALWORTH
	DODGE	JEFFERSON	WASHINGTON
	FOND DU LAC	MILWAUKEE	WAUKESHA
	GRANT	RICHLAND	WINNEBAGO

2003 Economic Benefits From Industries Utilizing Public Freight Rail System

2003 Employees (full and seasonal)	Total Property Taxes Paid	Property Tax to All Counties	Property Tax to State of Wisconsin	Ad Valorem Tax (All Railroads)	Total Railcar Loads
18,197	\$17,719,981.89	\$1,342,933.27	\$63,505.57	\$11,965,935.00	55,440

- Rail service to industries in Wisconsin provides a vital transportation resource linking these businesses to thousands of other businesses in national and international markets.
- Commodities carried by the public railroad system include Grain, Steel, Oil, Gasoline, Aggregates, Fertilizer, Lumber, Cardboard, Pulp Board, Papers, Coal, Plastics, Ethanol, and Food Products.
- Most of the employees working at these rail served industries live less than 30 miles from where they work.
- There are 200 + employees working for the Wisconsin & Southern Railroad Co. with average wages of: \$30,000 to \$35,000 per year. WSOR Wisconsin Ad Valorem tax is: \$202,000.00.
- Rail service preserves existing highway infrastructure. There were a total of **199,584 less trucks** on the road in Wisconsin in 2003 due directly to utilization of the public freight railroad system.
- With the public railroad system in place today, over **\$12 million** is being saved in highway maintenance costs on an annual basis in Wisconsin.
- Railroads today provide a very high level of customer service to industries in Wisconsin. This efficient service helps these industries save thousands of dollars in transportation costs yearly. Many of these industries could not operate profitably today without these cost savings.

In order to further facilitate savings to these industries in Wisconsin, it is imperative to improve rail efficiencies by providing larger capacity railcars on the system. This can be accomplished by improving the existing infrastructure to allow for 286,000 lb capacity – the industry standard.

5-17-04

System Wide

ANNUALLY

- \$17.7 Million in Property Taxes
- \$12 Million savings in Hwy Maintenance costs in WI
- Accounts for more than 18,100 jobs
- Railroads paid nearly \$12 Million in Ad Valorem Taxes in 2003
- Provides cost effective means of transportation for small businesses

ATTRACTING NEW INDUSTRY

Wisconsin Public Railroad System Attracts New Industries

In the last 5 years, there were 16 new industries that located in the State of Wisconsin. And there are at least 12 more new industries considering locating near or along Wisconsin's railroad system.

The operator of the state public railroad system, Wisconsin & Southern Railroad Co. works cooperatively with state and local governments as well as with industry leaders to attract new businesses who would benefit by rail service to the State of Wisconsin.

16 New Rail Served Industries Over The Past 5 Years

- | | | | |
|---|--|--|---|
| • Badger State Ethanol
Monroe, WI | • Didion Milling
Markesan, WI | • Great Lakes Building
Spring Grove, IL | • Pickett Redevelopment
Pickett, WI |
| • Bull's Eye Ag Service
Edgerton, WI | • Duffy Brothers Grain
Deansville, WI | • High Track
McFarland, WI | • Plastic Ingenuity
Mazomanie, WI |
| • Cargill Feeds
Milton, WI | • Elk Industries
Edgerton, WI | • Kikkoman Foods
Walworth, WI | • Universal Forest Products
Prairie du Chien, WI |
| • COOP Country Partners
Rock Springs, WI | • Gateway Plastics
Mequon, WI | • Midwest Drywall
Elkhorn, WI | • Utica Energies
Oshkosh, WI |

\$632,595 in Property Taxes

508 New Jobs

These industries provide considerable economic value to the state of Wisconsin and to the local communities where they are established. **State & local property taxes; Employment Opportunities; Locally Provided Materials & Services; Public Utilities & Mutually Beneficial Partnerships.**



COOP Country Partners - Rock Springs



Badger State Ethanol - Monroe



Utica Energies - Oshkosh

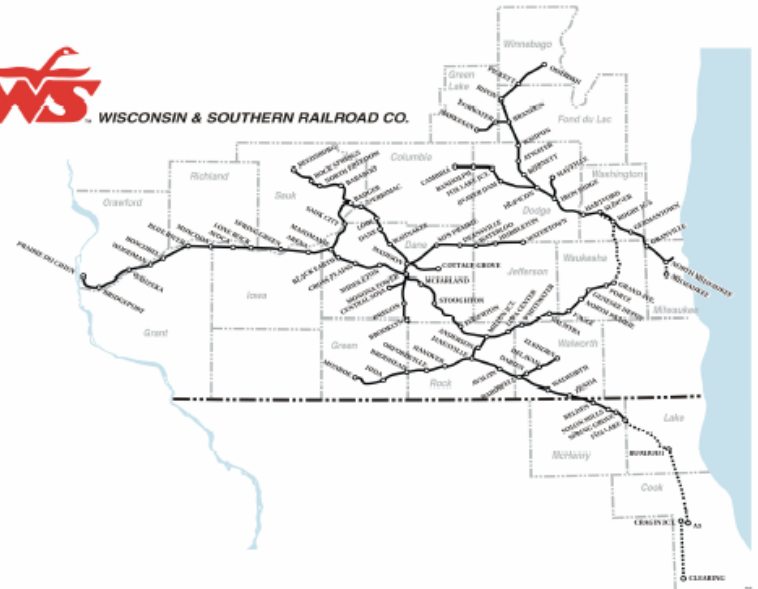


Kikkoman Foods - Walworth

Wisconsin Public Railroad System



WISCONSIN & SOUTHERN RAILROAD CO.



Future Industries Planning To Be Rail Served

- | | | | |
|--|---------------------------------------|--------------------------------------|---------------------------------|
| • Chemtool
Elkhorn, WI | • Grede Foundry
Reedsburg, WI | • 84 Lumber Co.
McFarland, WI | • Plastic Craft
Darien, WI |
| • Ethanol Facility
Dodge County, WI | • Lycon
Oregon, WI | • Orchid International
Monroe, WI | • Ventura Foods
Waukesha, WI |
| • Gypsum Supply
Elkhorn, WI | • Miniature Precision
Walworth, WI | • Pepsi America
Oshkosh, WI | • Weeks Lumber
Waukesha, WI |

882 Total Jobs

500 New Jobs

The industries listed above are in the process of being rail served. These industries will bring in additional property tax revenues as well as provide additional jobs in the State of Wisconsin. Just as important, the industries that ship by rail are relieving traffic congestion caused by large trucks and utilizing a cleaner, more efficient and safer way to transport their goods.

This is a win - win situation for everyone. The industries realize **less costs and more efficient shipping**, and the public realizes **cleaner air, less highway noise and less traffic congestion**. The state of Wisconsin realizes less highway maintenance and more tax revenues generated by these industries.



Cargill Animal Nutrients – Milton, WI



Duffy Grain – Sun Prairie, WI



Badger State Ethanol – Monroe, WI



Utica Energies – Oshkosh, WI

STATE FUNDING PROGRAMS

- Freight Railroad Infrastructure Improvement Program (FRIIP)
- Freight Railroad Preservation Program (FRPP)

Dedicated towards enhancing transportation efficiency, safety, and intermodal opportunities as well as to assist in the preservation and continuation of freight railroad service. Applicants can be communities, counties, shippers, railroad operators and rail transit commissions.

Yr.	Amount Available*		Amounts Applied For**	
	FRIIP	FRPP	FRIIP	FRPP
2002	\$5.5 M	\$2.25 M	\$12.0 M	\$12.1 M
2003	\$5.5 M	\$2.25 M	\$13.0 M	\$8.5 M
2004	\$7.0 M	\$2.25 M	\$16.7 M	\$8.5 M

*Source: Wisconsin Department of Transportation Rail Bureau Staff

**Amounts Applied for are approximate figures.

CAPITAL IMPROVEMENT PLAN

Wisconsin & Southern Railroad Co.

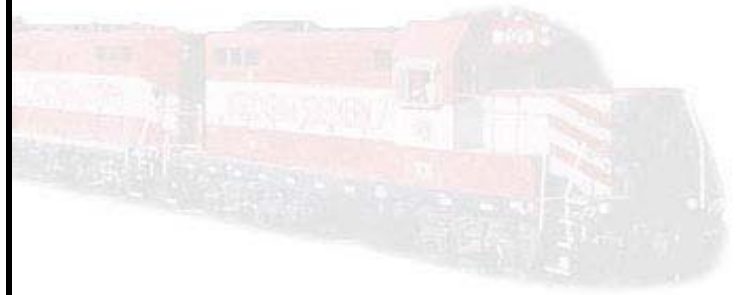


“Satisfying Customer’s Needs Through
Continuous Improvements.”

3 - 5 - 7

Year Plan

4-1-2002



A Changing Industry

Rail Cross Sections



#75

#85

#90

#115

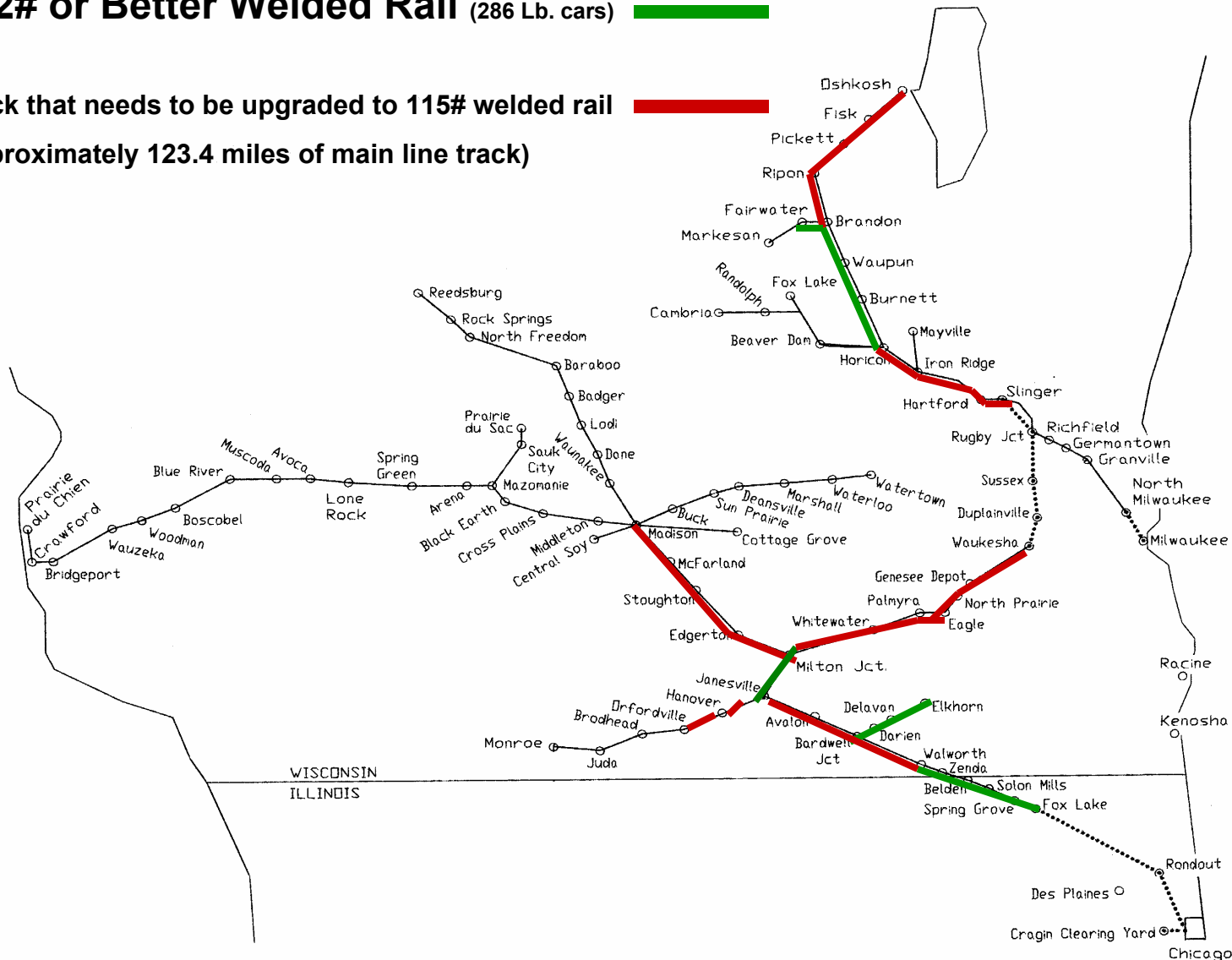
Yesterday Standards

Today's Standards

EXISTING RAIL INFRASTRUCTURE

112# or Better Welded Rail (286 Lb. cars) █

Track that needs to be upgraded to 115# welded rail █
(approximately 123.4 miles of main line track)



BRIDGE UPGRADES

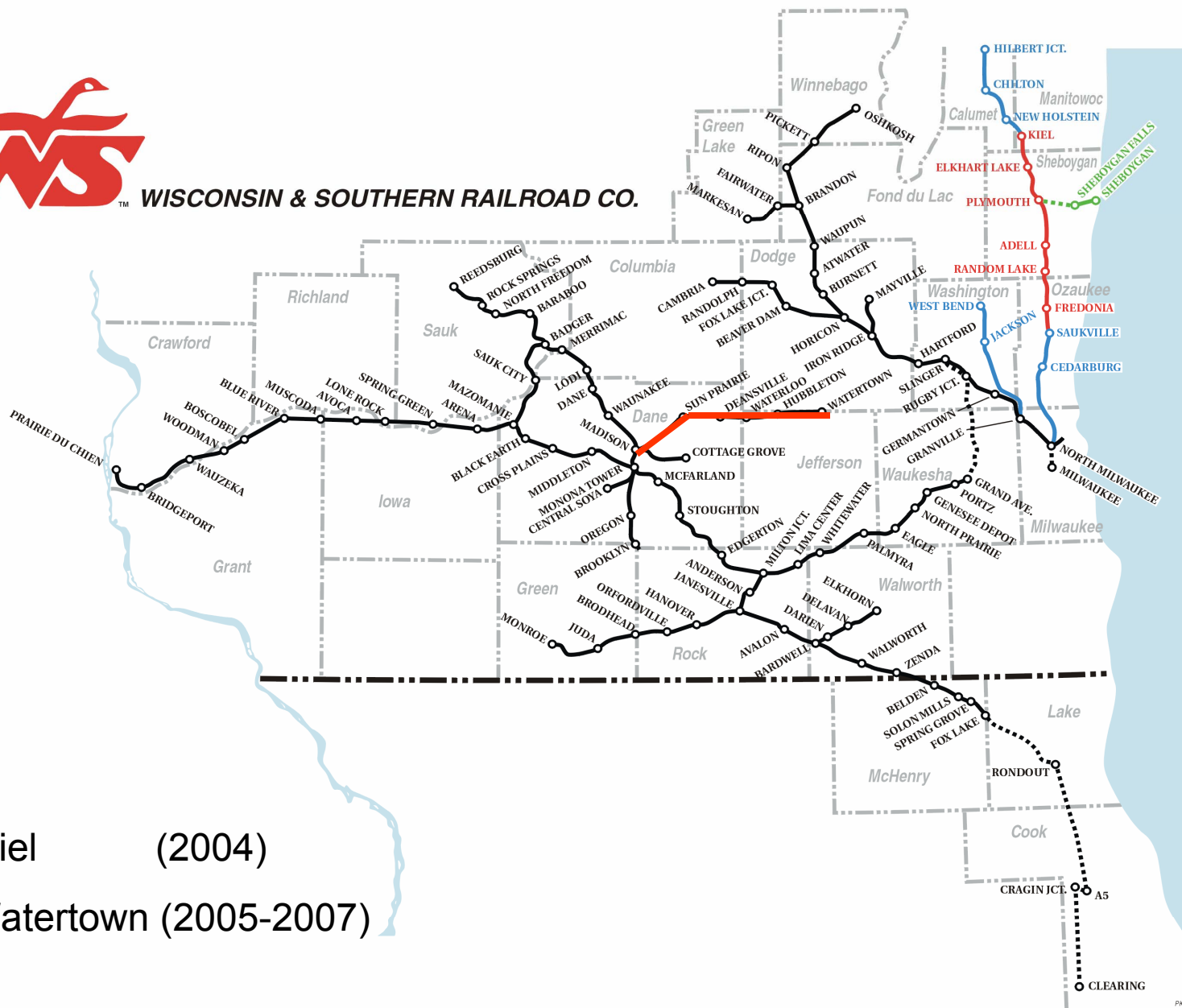


WisDOT Bridge Study to be completed in 2005

STATE ACQUISITIONS



WISCONSIN & SOUTHERN RAILROAD CO.



Saukville to Kiel

(2004)

Madison to Watertown (2005-2007)

5 + 1 Proposal

Developed by Wisconsin & Southern Railroad Co. to direct more public and private dollars into the backbone of the short-line railroad system in order to be 286k compatible within 10 years.

5 + 1 PLAN COMPARISON

Funding Levels

Rail Infrastructure

Bridge Capital Repairs

Totals

Existing Grant Program

\$2.25 Million

\$0

\$2.25 Million / Yr.

5 + 1 Plan

\$5.0 Million

\$1.0 Million

\$6.0 Million / Yr.

Inventory of Infrastructure

Miles of Main Line to Rehab.

Number of Bridges

Years to 286 K Compliance

125

300+

25

125

300+

10

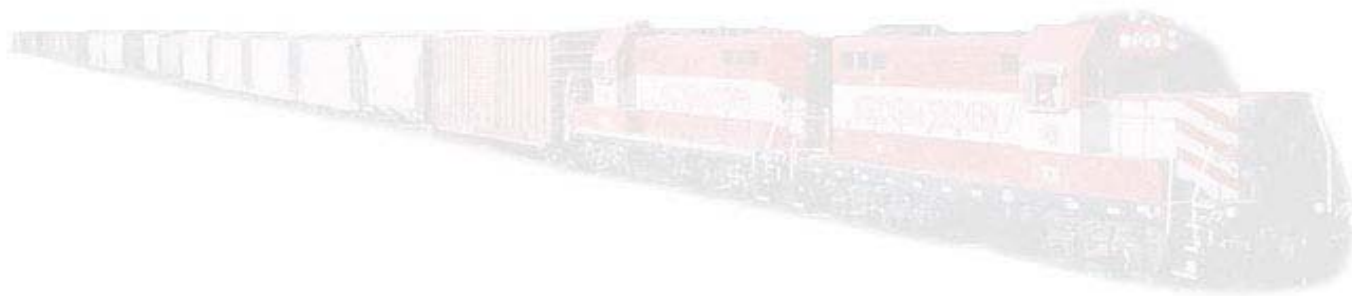
5 + 1 would yield \$1.5 M in public / private funding from sources other than the State of Wisconsin resulting or an additional \$1.0 M each year into the public railroad system.

WIDESPREAD SUPPORT FOR 5 + 1

- **4 Rail Transit Commissions**
- **150+ Shippers**
- **Communities**
- **Economic/Industrial Development Corps.**
- **Civic Groups**
- **Railroad Employees**



THANK YOU!



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