



RESEARCH PROJECT CAPSULE [13-6SS]

October 2012

TECHNOLOGY TRANSFER PROGRAM

Economic Impact Analysis of Short Line Railroads

JUST THE FACTS:

Start Date:

July 1, 2012

Duration:

18 months

End Date:

December 31, 2013

Funding:

State: TT-Reg & RITA

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Sponsored jointly by the Louisiana
Department of Transportation and
Development and Louisiana State
University

POINTS OF INTEREST:

Problem Addressed / Objective of
Research / Methodology Used
Implementation Potential

This project is associated with the Louisiana Transportation Research Center (LTRC) partnership with the National Center for Intermodal Transportation for Economic Competitiveness (NCITEC). The NCITEC is a University Transportation Center housed at Mississippi State University, funded by the Research and Innovative Technology Administration (RITA) of the U.S. Department of Transportation (DOT).



PROBLEM

Rail transportation is of vital importance to the state of Louisiana and is a key component of the state's business infrastructure, supporting agricultural, petroleum, chemical, and manufacturing industries across the state. Short line (Class III) rail is defined as rail operations with revenues of \$31.9 million or less and those handling terminal and switching operations. Short line rail operations function in tandem with larger regional (Class II) and national (Class I) rail operations. Class III rail operations are generally responsible for moving commodities from manufacturing sites to interchange points with Class I rail operations where they can be transported to transnational locations. While not as large as Class I and II operators, Class III operators play a crucial role in ensuring that goods and commodities are both shipped and received in a timely fashion.

Past research commissioned by the Louisiana Department of Transportation and Development (LADOTD) identified a number of critical concerns for Class III operators that could potentially threaten their ability to provide key services in the state (LADOTD, 2003). First, there is a growing concern about the capacity of Class III rail in the state to handle heavier 286,000-lb. rail cars. Second, a number of Class III operators expressed concern over their inability to solicit higher fees from Class I operators in those cases where they only connect to a single Class I rail network. Third, some Class III operators express public safety concerns in those instances where their tracks pass through high density populations. Fourth, there was a concern among operators regarding the loss of business during economic downturns. Lastly, there were concerns expressed over the ability to obtain funding for capital improvement projects and the quality of interchange service provided by Class I operators. On the whole, while Class III rail functions a key component of the state's economic infrastructure, these concerns necessitate a renewed focus on ensuring the health and vitality of existing and future Class III rail operations.

OBJECTIVE

Given the importance on a national scale, the primary objective of this research project will be to provide a detailed economic analysis of both the role of the Class III rail in Louisiana's existing transportation infrastructure as well as its economic impact upon local communities.

METHODOLOGY

To provide a comprehensive assessment of the economic role and impact of Class III rail operations, this research project will employ a mix-method analytical approach staggered across three core research phases:

1. Identify all Class III rail operations within the state, along with their direct customer base, indirect customer base and potential business interests coupled with the development of a Class III rail/customer base survey instrument, which will be used to collect data on key performance metrics.
2. Distribute the survey to all identified customers and Class III rail operators and follow up by in-depth, qualitative interviews with operators, customers, and local community leaders.
3. Analyze the collected survey and qualitative interview data, as well as compose the final project report.

IMPLEMENTATION POTENTIAL

Ultimately, the results of this research project will directly contribute to the existing research on the scope and importance of short line rails in rural communities. Additionally, it is expected that this research project will serve as a worthwhile resource for local and state policymakers seeking to explore potential targets for economic development investments in rural communities.

CLASS III RAIL OPERATIONS IN LOUISIANA

Acadiana Railway Company, Inc.....	87 miles
Arkansas, Louisiana & Mississippi Railroad....	40 miles
Delta Southern Railroad, Inc.....	15 miles
Louisiana & Delta Railroad, Inc.....	400 miles
Louisiana & North West Railroad Co.....	37 miles
Louisiana Southern Railroad, Inc.....	157 miles
Ouachita Railroad.....	9 miles
Timber Rock Railroad, Inc.....	160 miles
Baton Rouge Southern Railroad, LLC.....	2 miles
New Orleans & Gulf Coast Railway Co., Inc.....	32 miles
New Orleans Public Belt Railroad.....	28 miles