

Dear South Dakota Railroad Board,

I, Dan Bilka, a native of Lake County, am the South Dakota Representative for the Rail Passenger's Association, a national rail and transportation advocacy group. Like you, I have a deep love of South Dakota and want to make sure it is well-positioned to thrive in the future.

In the early 1980s, South Dakota had the foresight to purchase rail lines private freight companies had wanted to abandon. Rail-banking preserves railroad rights-of-way for the opportune moment when they can be restored for freight and passenger service. South Dakota's forward-looking rail-banking model is one that the Rail Passengers Association is advocating for the federal surface transportation bill re-authorization.

Unfortunately, the proposed sale of South Dakota's state-owned rail lines will take us back, not forward. I am here today to underscore the consequences of such action and to offer a different vision for revitalizing our rail network.

Even if all these railroad lines remain in service, selling segments to private entities in a piecemeal fashion may incur higher costs by raising access fees or blocking multiple carrier access points to shippers. Under a more plausible scenario, the proposed sale could lead to the abandonment of at least some of these currently-undervalued assets that a private company deems to be unprofitable. As a result, the rail network will become physically disconnected and it will be impossible for trains to serve certain parts of the state.

Once railroad lines are gone, at best they can only be restored at a far greater cost; at worst, they are gone forever. *I think we can all agree that a one-time revenue bump is not worth the much larger ongoing cost of permanently diminishing the state's economic competitiveness and quality of life.* With disconnected rail lines, shipping will become more expensive and hurt business. It will also preclude South Dakota from ever seeing a passenger rail network that we need and deserve, which will impose extraordinary transportation costs on South Dakotans and make it harder to retain home-grown talent.

1967



1990



2011



2017



RAIL PASSENGERS
ASSOCIATION

Why are freight and passenger rail lines essential to South Dakota?

Agriculture producers and manufacturers depend on freight railroads to deliver their products to markets cost-effectively. Trains can move a ton of freight over 470 miles on a single gallon of diesel – four times more efficient than trucks and with no wear and tear on our state’s highways. Greater efficiency and less fuel consumption mean lower transportation costs for South Dakotan producers and shippers, which translates into higher take-home income and fewer expenses to maintain our roads. The costs of abandonment of the Cowboy line through northern Nebraska would be a good comparison study.

Fifty years ago, South Dakota lost its last passenger rail connections. Today, we are one of just two states in the Lower 48 without Amtrak. We need only look to our neighbors to see the value of passenger rail and its tremendous return on investment. The Empire Builder, which connects Montana, North Dakota and Minnesota with Seattle and Chicago, is worth \$327 million every year to the economies of the states it serves – over *five times* the cost to operate the train.

Trains also are an affordable travel option. An off-peak, advance-purchase Amtrak ticket from Williston, ND to the Twin Cities costs just \$62; an airline ticket is \$214. Flights from Rapid City to the Twin Cities start at \$199, but unlike North Dakota, we have no train option. The lack of a passenger rail alternative imposes a hidden tax on the mobility of South Dakotans. The expense of ‘windshield time’ is something we all are acutely aware of.

Last week’s winter storm, which shut highways and grounded air travel, further reinforces why passenger rail is so essential to an integrated interconnected transportation network. In 2017, 141 people lost their lives on South Dakota roads. I’ll also remind the group of the plight of Delta Flight 2167 in Sioux Falls a few years ago. Failing to diversify our transportation options beyond highways and airlines imposes immeasurable costs on South Dakotans.

What must the Railroad Board Do?

I respectfully implore members of the Railroad Board to think strategically about the future of our transportation system and preserve options for future growth. Most critically, it is imperative to do no harm now.

1. *Institute a 180-day Moratorium on the Sale of Any Publicly-Owned Rail Assets:* The public and regional rail authorities need at least 180 days to better understand the consequences of the sale of public rail assets to private entities, including any long-term plans these private entities have for these railroad lines based on their proposals submitted by November 21st, 2019.



2. *Protect Rail Lines Against Abandonment:* Contracts must ensure that the new owners and any subsequent owners cannot abandon these lines, or any line segments, in the future. The state must guarantee it will buy back any line at abandonment. While certain segments such as the Sioux Valley line (Sioux Falls-Sioux City) and Wolsey interchange would face less abandonment pressure, others such as the Napa line (to Platte) and MRC line west of Murdo or Kadoka, are more vulnerable. As demonstrated by the benefits of two TIGER grants for track rehabilitation and upgrading, these lines have great potential and could one day form the core of a statewide passenger rail network.
3. *Rail Bank:* Establish a state policy of rail-banking any future abandonments to preserve opportunities for the future.
4. *Explore Alternatives to Sale:* Over the long-term, the State will likely gain more revenue by leasing railroad lines, which generates ongoing revenues, than by selling them, which produces only one-time revenues.
5. *Develop a South Dakota State Passenger Rail Plan:* Develop a passenger rail vision in accordance with Federal Railroad Administration (FRA) directives for State Rail Plans. There is so much potential here in South Dakota to improve mobility, promote tourism and grow the economy, including:
 - A link from Sioux Falls to the Twin Cities, Omaha and Kansas City
 - A cross-state connection from Rapid City to Sioux Falls
 - A link from Rapid City/Black Hills to Cheyenne and Denver

To speak for the Rail Passengers Association at large, we would be happy to contribute to planning and developing the South Dakota Passenger Rail Vision.

States like Utah, Oklahoma and Missouri are investing in passenger rail service because they understand the value of connectivity trains bring. Others, like Montana and North Dakota, continually fight to preserve their Amtrak routes. These states recognize that if they fail to provide adequate passenger rail service and other amenities expected by younger generations, many of their best and brightest will choose to relocate to other states that do.

Often derided as “flyover country”, these states know how important rail connections are to remaining on the map. And unlike South Dakota, none of those states have had the advantage of owning large portions of the rail network, which would have made it much easier to establish and operate service.

Disposing infrastructure is effectively disposing opportunity for the future, both the economic vitality and the human capital that would leverage it. Selling our state-owned rail assets would be a huge mistake for South Dakota. I hope you will agree that we can do better than this. A strong freight and passenger rail network can once again be part of South Dakota’s future.

With that, I conclude my public statement for the record and will take questions from the Rail Board and members of the public.

Dan Bilka
"Dakota Dan"
Rail Passengers Association- South Dakota Representative
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