

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
- WSCOR

- Burlington Northern-Santa Fe
- Canadian National¹
- Canadian Pacific Railway (See Line Railroad)
- Duluth, Missabe & Iron Range Railway Co.
- Eschmamba & Lake Superior
- Iowa, Chicago & Eastern Railroad Corporation
- Municipality of East Troy Wisconsin Railroad Co.
- Tomahawk Railway
- Union Pacific Railroad
- Wisconsin Great Northern
- Wisconsin & Southern Railroad Co.

Symbols

- Amtrak Station
- Port
- 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 Saint St. Marie Railroad.

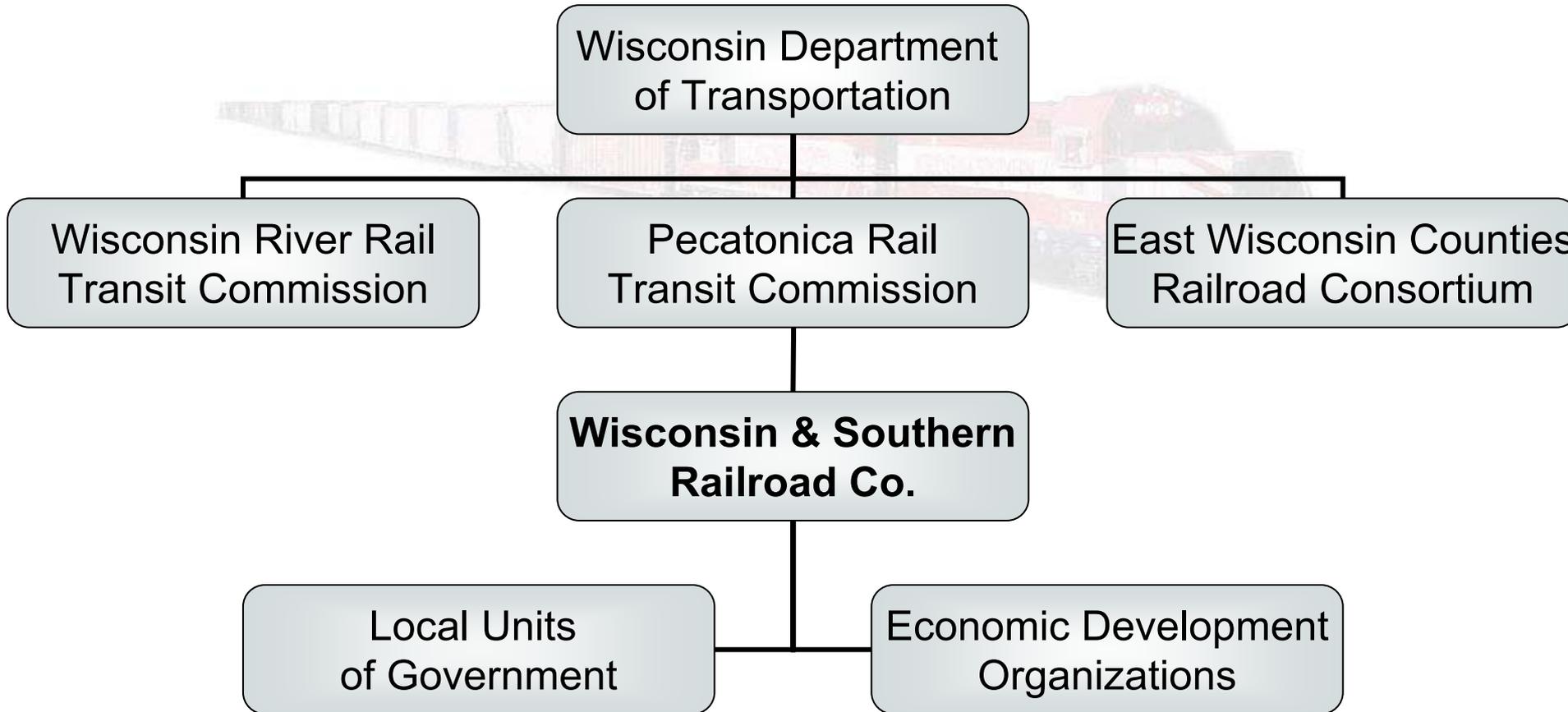
Duluth, Winnipeg & Pacific (switching and terminal operations in Superior) not shown.

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.



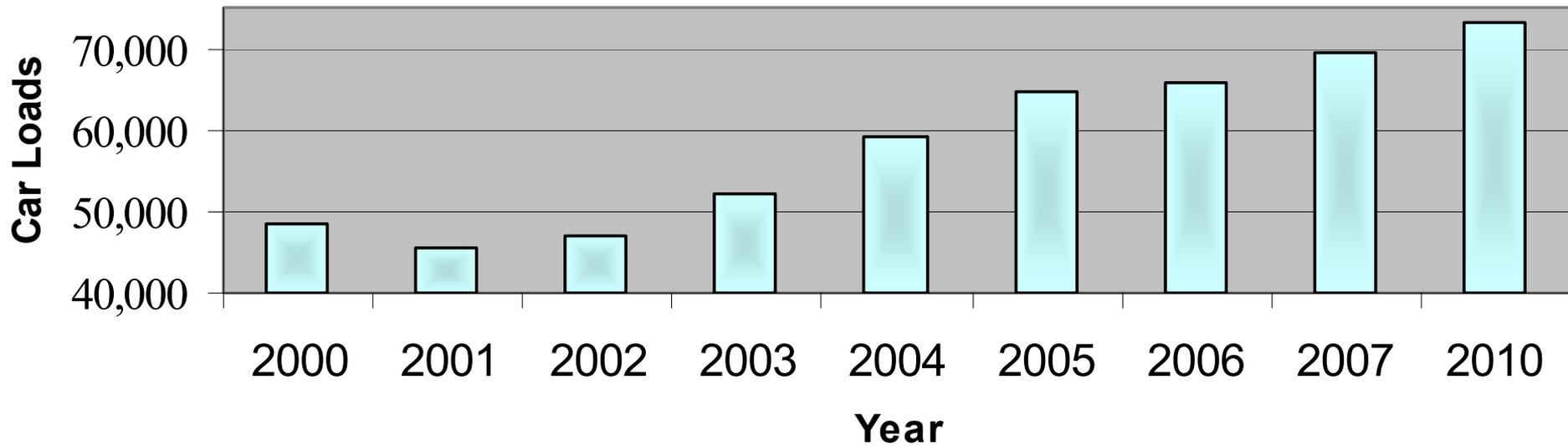
A PUBLIC / PRIVATE PARTNERSHIP

Est. under Stats. 66.1021



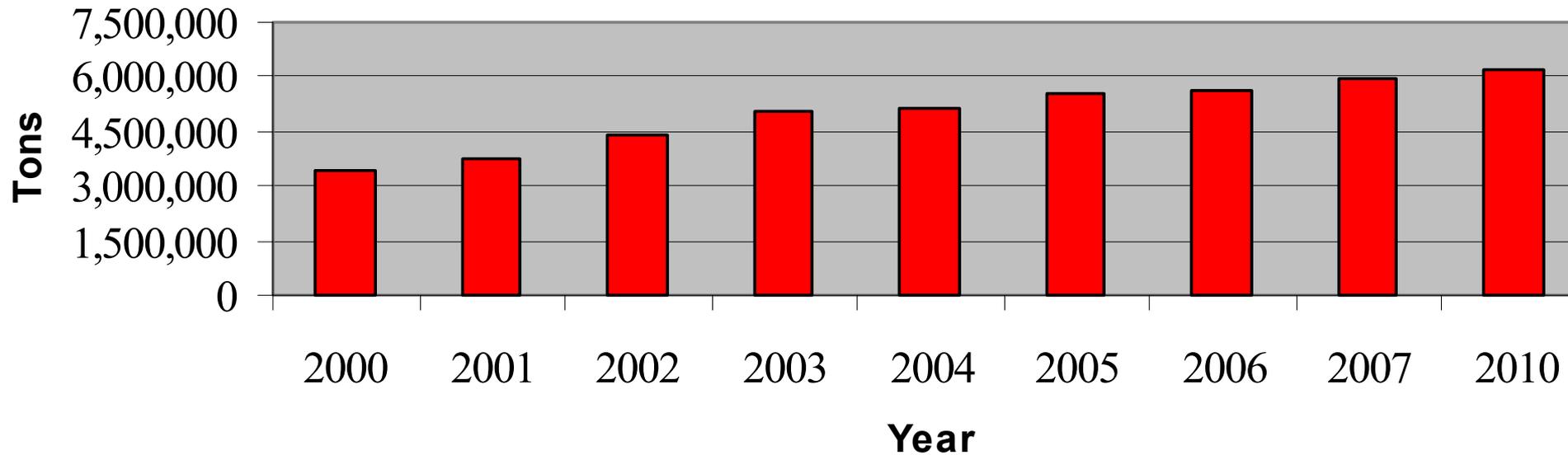
TRENDS

Car Loads Historical / Projected



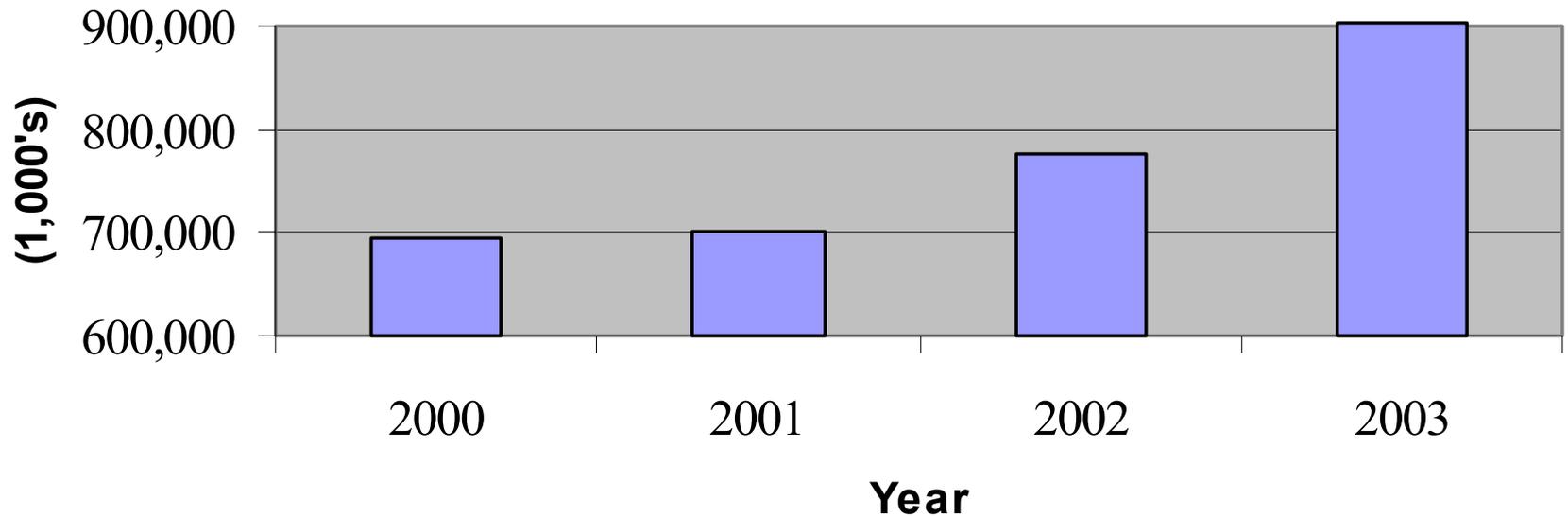
TRENDS

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

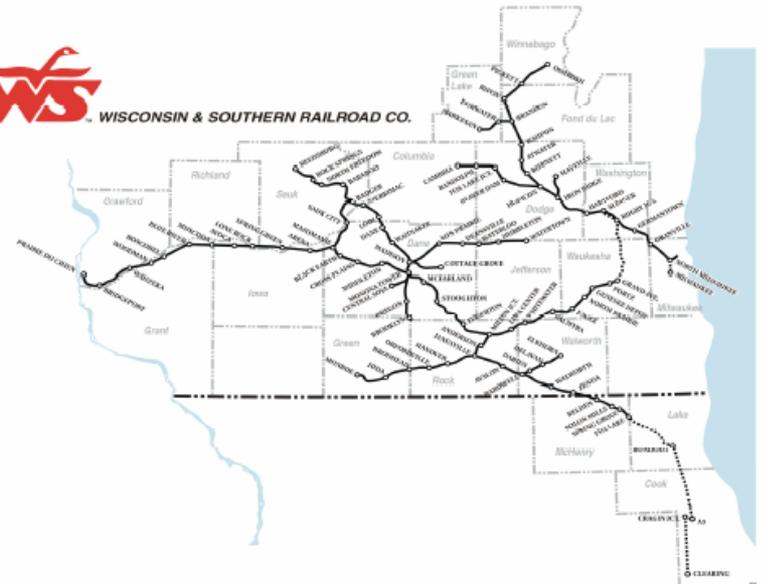


Kikkoman Foods - Walworth

Wisconsin Public Railroad System



WISCONSIN & SOUTHERN RAILROAD CO.



Future Industries Planning To Be Rail Served

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

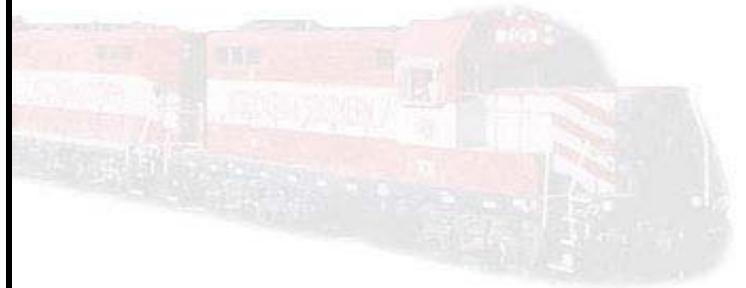


“Satisfying Customer’s Needs Through
Continuous Improvements.”

3 - 5 - 7

Year Plan

4-1-2002



A Changing Industry

Rail Cross Sections



#75

#85

#90

#115

Yesterday Standards

Today's Standards

BRIDGE UPGRADES

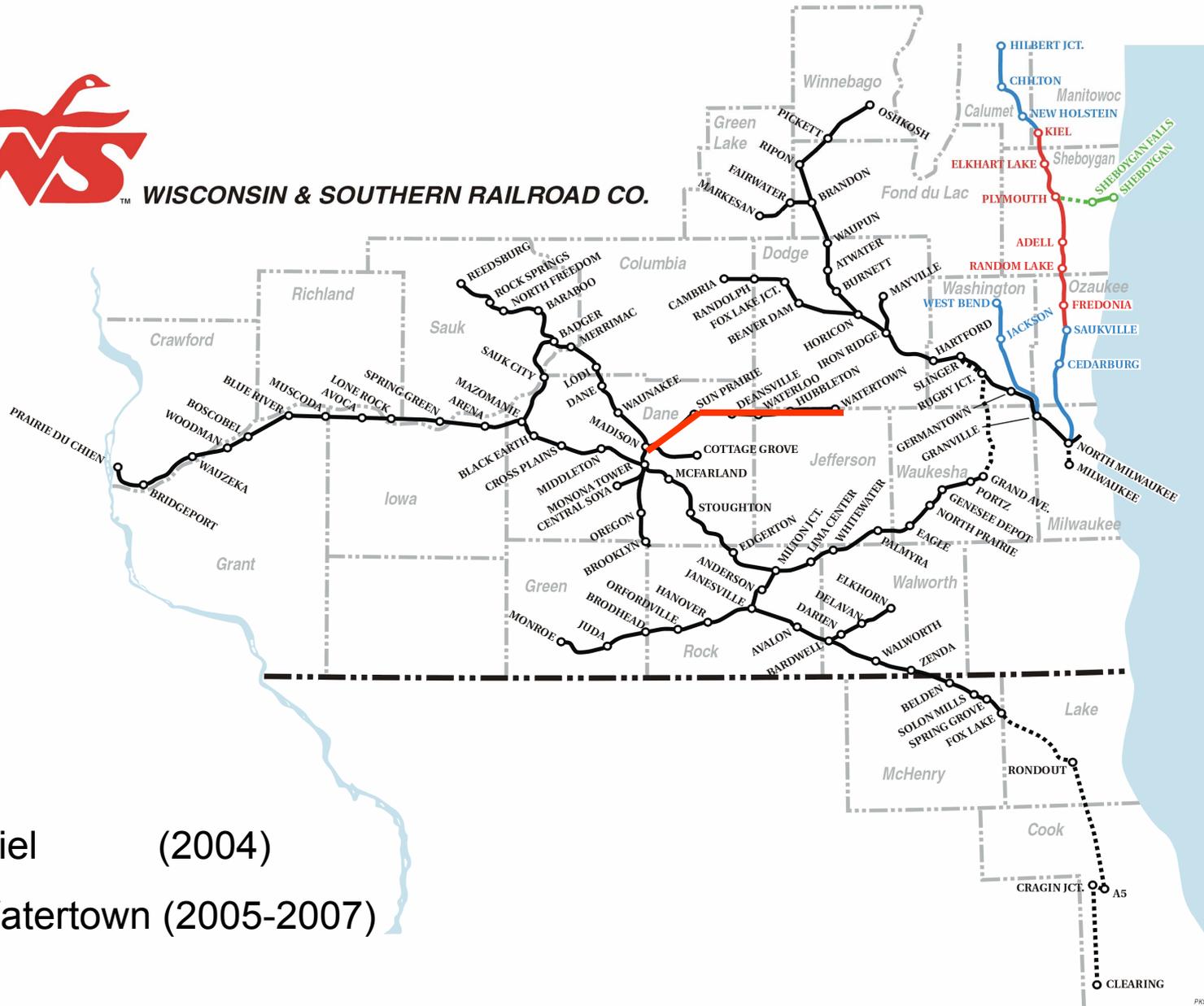


WisDOT Bridge Study to be completed in 2005

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 Compliancy

125

300+

25

125

300+

10

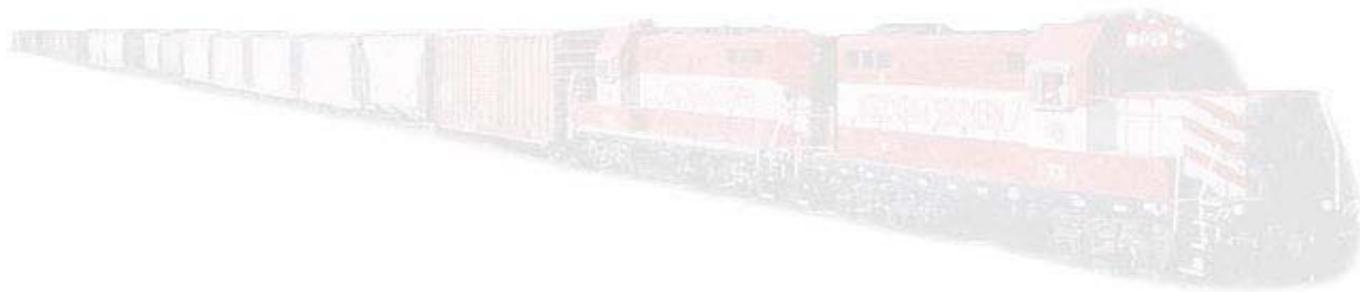
5 + 1 would yield \$1.5 M in public / private funding from sources other than the State of Wisconsin resulting or an additional \$1.0 M each year into the public railroad system.

WIDESPREAD SUPPORT FOR 5 + 1

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



THANK YOU!



Ken Lucht
Community Development Manager
Wisconsin & Southern Railroad Co.
1890 E. Johnson Street
Madison, WI 53704
(608) 243-9101, ext. 207
klucht@wsorrailroad.com



www.wsorrailroad.com