

226227



**SISKIYOU REGIONAL RAILROAD AUTHORITY**  
**PRESERVING THE PAST - PROVIDING FOR THE FUTURE**  
100 SOUTH 11TH STREET, MONTAGUE, CA 96064 • 530.459.5244

December 21, 2009

ENTERED  
Office of Proceedings

DEC 30 2009

Part of  
Public Record

The Honorable Daniel R. Elliott III  
Chairman  
Surface Transportation Board  
395 E Street, S. W., Suite 1149  
Washington, D.C. 20024

**RE: Siskiyou Regional Railroad Authority's Comments to Attached Letter Concerning Finance Docket No. 35175**

Dear Chairman Elliott:

The Union Pacific Railroad Company ("UP") is the owner of a line of railroad known as the Black Butte Branch that runs over the Siskiyou Summit between northern California and southern Oregon (the "Line"). This Line is currently leased by UP to the Central Oregon & Pacific Railroad ("CORP"). CORP is currently authorized by the Board to provide the common carrier freight rail service on the Line. There is a matter pending in Finance Docket No. 35175 between the Coos-Siskiyou Shippers Coalition and CORP challenging the level of CORP's service and the rates CORP charges. The Board has not issued its ruling with respect to the pending matter. It has come to our attention that the attached letter was recently delivered to you for your consideration, a copy of which is attached hereto and hereby made a part herof.

The Siskiyou Regional Railroad Authority ("SRRA"), a local governmental joint powers authority, consisting of the cities of Montague, CA and Weed, CA approached UP to acquire the Line and provide the common carrier service on the Line with an experienced Class III short line operator ("SLO"). SRRA has signed a Memorandum of Understanding ("MOU") with UP to acquire the Line with the understanding that SRRA will hire the SLO to provide the underlying railroad common carrier

obligation. The MOU contemplates a temporary lease of the Line to SRRRA with the SLO providing the railroad freight service until the sale of the Line is closed. It is in our understanding that UP is working with CORP to provide assignment of the current lease to the SRRRA. SRRRA in turn will contract with the SLO to provide freight rail service on the Line during the lease term. SRRRA has filed an application with the Connect Oregon III program for a grant to assist in the purchase of the Line. SRRRA is also moving forward with additional funding options as well. The proposed lease of the Line to SRRRA will remain in place until such time as the sale is closed.

This is to advise the Board that SRRRA is moving forward with the plans to lease and eventually purchase the Line from UP and SRRRA is of the opinion that this negotiated transaction provides the best long term option for both current and future shippers on the Line. SRRRA respectfully requests that the Board defer any decision concerning the pending matter and permit SRRRA, the SLO, CORP and UP to complete the lease assumption and utilize the Connect Oregon III funding program to improve current rail freight service on the Line.

Sincerely,



President, SRRRA

cc Oregon US Senator Jeff Merkley  
Oregon US Senator Ron Wyden  
Oregon US Representative Peter DeFazio  
Oregon State Senator Alan Bates  
Kelly Taylor ODOT  
City of Ashland, OR  
City of Medford, OR  
City of Montague, CA  
City of Weed, CA  
Siskiyou Co Supervisor Jim Cook  
Siskiyou Co Supervisor Mike Kobseff  
California Senator Barbara Boxer  
California Senator Diane Feinstein  
California US Representative Wally Herger  
California State Senator Sam Aanestad  
Union Pacific Railroad  
Rail America  
Railroad Industries Incorporated  
Coos-Siskiyou Shipper's Coalition

Congress of the United States

Washington, DC 20540

December 16, 2009

The Honorable Daniel R. Elliott III  
Chairman  
Surface Transportation Board  
395 E Street, S.W., Suite 1149  
Washington, D.C. 20024

Dear Chairman Elliott:

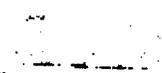
Congratulations on your appointment to the Chairmanship of the Surface Transportation Board this summer. During your confirmation hearings, you expressed a commitment to quickly and fairly addressing shipper's disputes with rail companies. As part of that commitment, we write today to encourage you to make an expeditious and fair ruling on the future of the Siskiyou Line, currently pending on Finance Docket No. 35175.

As you know, the Coos-Siskiyou Shippers Coalition has been engaged in a disagreement over adequate service with the Central Oregon & Pacific Railroad (CORP) for over two years. In January 2008 CORP reduced rail service to two days a week and began rerouting trains to avoid the Siskiyou Summit, making service less reliable, and in May 2008 CORP raised their rates. The reduction in service and increased rates forced shippers along the Siskiyou Line to switch from rail transportation to trucks, which is more expensive than rail service.

Reliable and affordable railroad service is critical to the well-being of rural business and economies in Oregon. Often rail is the only affordable transportation option for timber, manufacturing, and industrial businesses in our state. The continuing uncertainty surrounding the future of the Siskiyou Line also creates difficulties for businesses in the region to plan for the future.

The Board's most recent decision in this case gave the shippers that make up the Coos-Siskiyou Shippers Coalition until March 31, 2009 in which to submit supplemental information to prove that CORP's service is inadequate. It has been nearly nine months since the Coalition submitted the requisite information to demonstrate the inadequacy of that service. We urge you to move as quickly as possible to rule fairly on the Coos-Siskiyou Shippers Coalition's petition. We also ask that you provide us with an update on the status of the docket. Thank you in advance for your response. We look forward to working with you on this and other matters of importance to Oregon in the future.

Sincerely,

  
Ron Wyden  
United States Senator

  
Jeff Menckley  
United States Senator

  
Peter DeFazio  
United States Representative

Ladies and Gentlemen,

The Cities of Montague and Weed have formed a joint powers authority, the Siskiyou Regional Railroad Authority (SRRA), which is now a legal public entity, registered in both California and Oregon. The following is an excerpt from the SRRA web site which is still in formation

*Siskiyou Regional Railroad Authority*  
Preserving the Past

Providing for the Future

The Siskiyou Regional Railroad Authority (SRRA) is created in the counties of Siskiyou, California and Jackson, Oregon by the Cities of Montague and Weed, California to:

- preserve the rail infrastructure and transportation options
- provide public transportation for passengers and materials by directly or indirectly planning, operating, and marketing the railroad
- provide competitive, dependable rail service and future multimodal options to benefit the economy of the region, the quality of the environment, and the health of the people of Northern California and Southern Oregon.

The SRRA is formed with the intention that other public entities in the region that share the objectives of the SRRA may join as Participants.

The SRRA has a signed MOU with the Union Pacific Railroad for the purchase of the Siskiyou Branch Line (SBL). We have filed an application with the Connect Oregon III (COIII) program to assist with the purchase and are moving forward with other funding options as well. Our effort is being supported with letters, by Oregon Senator Alan Bates, the Rogue Valley Metropolitan Planning Organization, the Cities of Ashland, Medford, Montague and Weed and others who will submit letters within the next couple of weeks.

We are currently working hard toward restoring service to all shippers asap and will negotiate/establish competitive rates which will be fair and attractive to all parties. We look forward to meeting with the shippers in the near future and request the Petitioners, petitioning the STB for Alternative Service, in particular Roseburg Forest Products and Timber Products, to join in with letters of support for the SRRA's COIII application, purchase of the SBL and action to resume service. I have attached some of the letters as examples and sample text for you to review and use as templates.

Letters of support must be submitted on or before 1/1/10 to COIII, so we are requesting they be submitted by 12/23/09 to allow a little extra time. Letters may be sent by mail or scanned and sent as PDFs. Please address letters to:

John Hammond, President  
Siskiyou Regional Railroad Authority  
100 S. 11th St.  
Montague, CA 96064

Thank you for your support

You may contact me at [hammond@siskiyourra.org](mailto:hammond@siskiyourra.org) or at 530 459 5244

Sincerely,

John Hammond  
Mayor, City of Montague  
President, Siskiyou Regional Railroad Authority

**CITY OF  
ASHLAND**

November 19, 2009

John Hammond, President  
Siskiyou Regional Railroad Authority  
c/o City of Montague  
230 South 13th. Street  
Montague CA 96064

Re: Support for SRRA's Connect Oregon III Application

Dear Mr. Hammond:

The City of Ashland's Transportation Commission lends its support to the Siskiyou Regional Railroad Authority in its efforts to purchase the Black Butte Branch Line that runs from Black Butte California to just south of Ashland and moves freight in a financially responsible, environmentally friendly way.

Ashland City Council's 2009-10 goal of "restoring rail service through Ashland" is incorporated into the Transportation Commission's current charge of updating the Transportation System Plan with an emphasis on multimodal transportation systems and green street designs. To achieve this vision, we must plan for a transportation system that is integrated into the community and enhances Ashland's livability, character, and natural environment – *all the while expanding our economic base.*

Ashland needs a business-oriented transportation policy balanced on the strengths and synergies of roads and rail. The Transportation Commission believes there should be a higher reliance on rail modes, which are much more land and energy efficient and can effectively help in reducing the number of commercial trucks on the highway. Adding highway capacity on Interstate 5 is enormously expensive. For a fraction of the cost, the Black Butte Branch Line can be reactivated / expanded / improved to accommodate traffic and reduce highway congestion for both freight and, hopefully in the near future, passenger travel. A public entity such as the Siskiyou Regional Railroad Authority can ensure the continuation of the rail option well into the future.

Sincerely,



Colin Swales  
Chair, Ashland Transportation Commission

Engineering  
20 E. Main Street  
Ashland, Oregon 97520  
[www.ashland.or.us](http://www.ashland.or.us)

Tel: 541/488-5347  
Fax: 541-488-6006  
TTY: 800/735-2900



**DR. ALAN BATES**

State Senator

DISTRICT 3

SOUTHERN OREGON



900 Court Street NE  
Salem, Oregon 97301  
Phone: (503) 986-1703  
Fax: (503) 986-1140  
Email:  
sen.alanbates@state.or.us

**OREGON STATE SENATE**

9 December 2009

John Hammond, President  
Siskiyou Regional Railroad Authority  
100 South 11<sup>th</sup> Street  
Montague CA 96064

**RE: CONNECTOREGON III Grant Application**

Dear Mr. Hammond:

I am in full support of the Siskiyou Regional Railroad Authority's (SRRA) efforts to reopen rail service from Northern California to the Rogue Valley. Public ownership of the line is the best option for preserving rail service and protecting rail shippers.

We need a transportation policy balanced on the strengths and synergies of roads, ports and rails. My concern is that we haven't given appropriate focus to untangling the complicated web of rail lines to produce economic and energy savings. Increasing rail capacity is imperative because Oregon's freeways are clogged with traffic despite our continued efforts to expand them to close to maximum capacity at enormous expense. In addition, Oregon is now experiencing increased costs of wear and tear on our roads, partially contributable to the growing number of heavy trucks being utilized to ship freight to and from our region. For a fraction of these costs, existing railroad rights-of-way can (and must) be reactivated, expanded and improved to accommodate freight and decrease congestion for passenger use.

There are numerous examples across the country of public entities stepping in to take over or otherwise financially support private railroads that have abandoned rail operations. This requires public investments, often on private property, structured to provide direct public assistance, tax credits, or both, to the owners of the existing tracks. It is the only reasonable and sensible solution because the alternative would require taking massive amounts of land and building dedicated tracks at exorbitant costs.

Looking to the future, I feel strongly that any contractual agreement should carry the expectation that the rail would ultimately accommodate passenger service as well as freight. This could be accomplished via service arrangements, on-time performance standards, or other measures that enhance rail operations. Obviously, the Surface Transportation Board or other appropriate federal body must have a central role in oversight for such shared use.

I look forward to providing additional support as needed to move this project forward. Not only does it offer substantial revenue savings (i.e., ODOT), but its success enhances opportunities for economic growth and development in District 3. Please do not hesitate to contact me if my office can assist in any way.

Sincerely,

A handwritten signature in dark ink, appearing to read "Alan C. Bates".

Senator Alan C. Bates, D.O.  
District 3



# City of Weed

550 Main Street  
P. O. Box 470  
Weed, CA 96094

(530) 938-5020  
(530) 938-5096 (FAX)

December 9, 2009

John Hammond, President  
Siskiyou Regional Railroad Authority  
c/o City of Montague  
230 South 13<sup>th</sup> Street  
Montague, CA 96094

Dear Mr. Hammond:

The City of Weed is in support of the Siskiyou Regional Railroad Authority's application for ConnectOregon III funds to reestablish and enhance rail capacity on the 81 mile Black Butte Branch Line between Bellevue, Oregon to Black Butte, California. Weed is located along this line at the southern end. The application is consistent with the policies of the City of Weed to support the infrastructure for economic development and employment opportunities. These policies are similar to, and the application is supported by, the Rogue Valley Metropolitan Planning Organization who serves the areas at the northern end of the line. The City also sees this application as an opportunity to reduce oil consumption through increased fuel efficiency, and providing an opportunity to having an alternate to traffic on the interstate highway between the two states for the transportation of goods and people.

I may be contacted if you have any questions in regard to this letter of support.

Sincerely,

A handwritten signature in black ink, appearing to read "Earl Wilson".

Earl Wilson  
City Administrator



OFFICE OF  
THE CITY MAYOR  
www.ci.medford.or.us

CITY OF MEDFORD  
411 WEST 8TH STREET  
MEDFORD, OREGON 97501

TELEPHONE (541) 774-2000  
FAX: (541) 618-1700  
E-mail: mayor@ci.medford.or.us

December 10, 2009

John Hammond, President  
Siskiyou Regional Railroad Authority  
c/o City of Montague  
230 South 13th Street  
Montague, CA 96064

Dear Mr. Hammond:

The City of Medford would like to offer this letter of support to any and all attempts to resurrect rail service from Northern California to the Rogue Valley. Public ownership of the line is the best option for preserving rail service and protecting rail shippers – both existing and future.

The City of Medford has been advocating for improved rail service for many years. The most recent example is our Transportation System Plan (TSP) adopted in November of 2003. At that time, Central Oregon & Pacific Railroad carried between 1 and 5 million tons of freight each year. The TSP notes that with an aggressive maintenance program to increase operating speeds and remove height restrictions on the line, Medford's industrial zone will benefit greatly from reopening the line. For example, Medford will become more attractive to wholesale intermodal businesses such as lumber and building materials, paperboard, automobiles, steel and other innovative businesses that haven't yet considered using rail.

Passenger rail service also has considerable potential. The 2001 Oregon Rail Plan proposed an extension of rail service from Medford to Portland. Rail passenger service to the south will significantly increase options for population centers to the north and south as well as residents of the Rogue Valley.

The City of Medford supports endeavors needed to reopen the line and endorses your effort to obtain Connect Oregon III funds for this purpose.

Sincerely,

Gary H. Wheeler  
Mayor