

MANAGEMENT OF ARIZONA'S RAIL PROGRAM

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It is certainly a pleasure for me to serve on this panel with my distinguished colleagues of State representatives to discuss the management of our State Rail Programs. The pleasure of this occasion is heightened by the Transportation Research Board and National Conference of State Railway Officials relationship.

Within the brief period allocated to me, I would like to focus my comments on Arizona's Rail Program, a perspective of the Federal Rail Program, and a few key issues.

Arizona's Rail Program

In order to understand our Rail Program one must first have some understanding of Arizona. Arizona is really a State of contrast. This contrast is expressed in a variety of ways. Arizona is urban, with two metropolitan areas, and it is rural, with numerous smaller communities scattered widely. About 3 out of 4 of our 2.3 million people live in the Phoenix and Tucson metropolitan areas. There are two distinct points of view -- urban and rural. Arizona is a very large State, being bigger than all of New England and New York as well. (It is as far from Page on the north to Nogales on the southern border as from New York to Bangor, Maine -- or as far as Chicago is from Pittsburgh.)

The physical characteristics of the State also present contrast. The San Francisco Peaks, being well over 13,000 feet in elevation, can be contrasted with Yuma, which is about at sea level. With the exception of the tropics, all of the seven ecological zones are represented in Arizona. On occasion, our State has both the nation's highest and lowest temperatures on a single day. Most people view us as a desert, which we certainly have -- but we also have more timber than Wisconsin.

We are a young State, being below the nation's median age. And yet, our beauty, lifestyle, and favorable climate continue to attract large numbers of retired persons.

In many respects the railroads in Arizona differ from much of the rest of the national system. For example, the railroads serving the State do not, in general, suffer the serious financial problems of many eastern and midwestern railroads. For this reason, fewer communities and shippers face abandonment problems than those in numerous other States.

Railroads came to Arizona in the 1870s and greatly influenced the development of the State. The Southern Pacific entered Arizona in Yuma in 1877, and eventually became the principal railroad serving the southern part of the State. The Atchison, Topeka, and Santa Fe came to Arizona under the banner of "Atlantic and Pacific" in the early 1880s, and is now established as the main railroad providing service to northern Arizona.

Since 1915 five intrastate railroads have been established, primarily to serve specific rail-dependent mining and forest industries. These intrastate railroads are the Apache Railway Company; Magma Arizona Railroad; San Manuel Arizona Railroad; Tucson, Cornelia, and Gila Bend Railroad; and Black Mesa and Lake Powell Railroad.

Other companies have owned or operated lines in Arizona which have either been abandoned or absorbed

by the present companies. Arizona's largest communities have developed along railroad lines.

Arizona's rail system is slightly more than 2,000 miles in length -- about one-hundredth of the national system. Our two major railroads, the Santa Fe and the Southern Pacific, not only serve the people and industries of Arizona, but also serve as an interstate rail "bridge" linking California with points east. The four intrastate rail companies provide vital rail service to state mining and forest industries; the financial viability of these intrastate lines is closely tied to the economic conditions of the forestry and mining activities being served. With the exception of the Black Mesa and Lake Powell Railroad Company, these intrastate rail companies are common carriers connecting to either the Southern Pacific or Santa Fe Railroads.

Prior to the establishment of the Arizona Department of Transportation in 1974 and the Federal 4R Act of 1976, the State government's interest in the railroad industry had focused primarily on regulation and railroad/highway grade crossings. The passage by Congress of the 4R Act added impetus to the concern of the Department of Transport (ADOT) for all mode improvements in transportation systems in Arizona. ADOT views transportation as a service and the various modal components as parts of an integrated transportation system. Frankly, for years the State's primary transportation involvement was in the construction, maintenance, and operation of the State Highway System. To a much lesser degree State government was also instrumental in assisting small communities with airport improvements. Concentration was on highway projects designed primarily to accommodate private automobiles and the growing number, size, and weight of trucks. Data was collected but inadequately analyzed. Systems analysis was unknown and unused. Very little attention has been given in the past to freight movement -- whether by truck or by rail.

Congress, through Title VIII of the 4R Act and funding, has enabled Arizona to make a quantum jump in resources and knowledge. We have embarked expeditiously on a rail planning program with support from the Governor's Office, the Arizona Corporation Commission (the State's regulatory agency), the State Transportation Board, and ADOT top management. We view our efforts to date as the initiation of the first small steps in a continuous transportation system planning process. We have learned a great deal, but we have scarcely scratched the surface of what we do not know.

A shipper's survey was conducted among the industries of Arizona without advance knowledge of whether or not those surveyed were rail users. Significant information, comments, support, and criticism were received. We learned about freight movement within and through Arizona by rail and by highway. Most responses were candid, and the data has been useful for several elements of our transportation systems plan.

The Arizona railroads were skeptical of the State's interest in their activities. Respect and trust must be built, not demanded, and we have worked toward building the confidence of the railroads serving our State. The railroads have been very gracious in putting up with our ignorance and thirst for meaningful data. Our relationship, at least from our point of view, with all the railroads -- and especially the Santa Fe and Southern Pacific -- has grown stronger with the passage of time. We have had differences of approach and opinion, but on the whole the spirit of cooperation has prevailed.

One of the features of Arizona's rail program is openness and public participation. We have used advisory committees, the Councils of Governments, the

Arizona Corporation Commission, other State agencies, our own State Transportation Board, labor unions, and -- most important -- the general public, for input to our program. Make no mistake about the time and cost required to carry out such an extensive public participation process. It requires a heavy commitment. The process has been worth all of the costs incurred.

We have completed our first State Rail Plan. It was submitted to the Federal Rail Administration several months ago, and it has been approved. I assume that Arizona's Rail Plan approval was one of the first to be received in the Western Region. Our Plan will be revised as a part of the continuous planning process.

My staff has prepared a program of projects in cooperation with local governments and the Southern Pacific. The program of projects is now out for A-95 review, and a public hearing has been scheduled for early October.

We think we can do some interesting and challenging things with Arizona's rail program in the future. When Congress passes the rail legislation before it, our activities will be facilitated.

One Perspective of the Federal Rail Program

The State of Arizona is grateful to Congress for its expansion of the 3R Program to the remainder of the country through the passage of the 4R Act. Recognition has been given to the fact that our rail system is truly national in coverage, scope, depth, and service.

In spite of criticism from the States, the unions, the railroads and the shippers, the Federal Rail Program has been successful in several ways. The 3R program, viewed by one outside its territory but affected by it, has been effective. The situation was difficult and tense, with wholesale bankruptcy. All of the wounds have not been healed, but the patient is still living.

The States in the northeast and midwest have agreed with the abandonment of significant mileage. Several states have become involved in rehabilitation. A few have provided operating subsidies. Through the States, Federal funds have been made available to railroads and projects have been meaningful.

The Federal Rail Program has stimulated the States to give attention to the rails as a viable component of transportation systems. States have responded to the challenge and now have staffs which are interested, increasing in knowledge and competence and contributing to problem solving.

The Federal Rail Program has brought the States together with each other, with the railroads, and with FRA. The American Association of State Highway and Transportation Officials (AASHTO), has graciously provided staff services to the National Conference of State Railway Officials (NCSRO). By making the conference a committee of AASHTO, both have benefitted and a sound relationship with State transportation agencies has been established.

There have been three major problems with the Federal Rail Program from my perspective. The first is being corrected through the proposed legislation now before Congress. Requiring abandonment before the program can be used (except for planning) has seriously hampered the important efforts and has made it difficult to assure shippers of service continuation. It really doesn't make sense to prove that a branch line is suitable for abandonment before funds can be expended to save it.

The second problem, which I am pleased to report is also being solved, lies in the attitude of FRA toward the program -- administrative obstacles. FRA has viewed the rail program as one of transition-to-

abandonment. The States have viewed the program as one of service-improvement. There have been unnecessary delays in the preparation of guidelines, studies, regulations, and project approvals. Although States have successfully processed and accomplished multi-million dollar transportation projects, the federal authorities have viewed with suspicion state competence to manage rather small rail programs.

The third program is one of financing. Many States have had to figure out ways to pay the necessary matching share because of Constitutional prohibitions, poor timing, or inadequate resources. The changing State match has also caused grief. The required Federal funds for the rail program will increase in the future. As the first two problems are solved, the opportunities for improved State/railroad/Federal cooperation in successful rail programs will be enhanced.

Key Issues

The key issues I see ahead in the rail programs are:

1. State flexibility in creatively meeting the needs of the individual rail situations.
2. FRA/State cooperations and partnership.
3. Involvement by the States in railroad/union cooperation.
4. Strengthening AASHTO/NCSRO relationship.
5. Interstate cooperation on mutual rail problems.
6. Communication among all the participants in the program, including individual states, railroads, labor unions, shippers, and Federal agencies.
7. Relocation of rail lines involving tremendous costs.

Management of State Rail Programs is a new challenge with new dimensions. We are still learning and we are still growing in competence and understanding. Individual States cannot accomplish effective railroad programs working in isolation. The effectiveness of the programs will be measured by the degree of cooperation and unity among the States, and effective coping with railroad service and system problems.

I appreciate this opportunity to share with you a few of my thoughts on Arizona's Rail Program and on other matters of importance to this nation's railroad system.

Thank you for your attention.

MANAGEMENT OF TENNESSEE'S RAIL PROGRAM

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I appreciate and welcome this opportunity to participate with the panel on "Management of State Rail Programs." My remarks today will be limited to local rail service assistance as provided for in Section 803 of Public Law 94-210.

At the outset, let me give you the background for the Tennessee Department of Transportation's activity in matters relating to rail transportation. By enacting "The Transportation Act of 1972," and through subsequent amendments, the Tennessee State legislature established goals for the Tennessee Department of Transportation. And our ongoing rail Transportation program stems from at least two of these goals, namely: