TEXAS RURAL RAIL TRANSPORTATION DISTRICTS

Texas Freight Advisory Committee
Fort Worth
February 20, 2014
Background – Why an RRTD?

- In 1980, the United States’ railroad industry was federally deregulated by the Staggers Rail Act.

- It allowed railroads to abandon redundant and light destiny lines to control their costs.

- These abandonments resulted in greatly reducing the number of rail company bankruptcies but provided for the loss of miles of track and right-of-way that could have been available for future transportation or utility needs.

- In 1981 the State passed legislation to preserve abandoned rail for future use through the formation of RRTDs.
Background – Purpose of an RRTD

- Preserve existing rail service for rural agricultural and industrial shipping
- Economic development with the intent to develop new spur lines to accommodate growing business opportunities
Background – What is an RRTD?

- A Rural Rail Transportation District (RRTD) is a public body and a political subdivision of Texas to provide for the continued operation of railroads to prevent cessation due to railroad abandonment.

- An RRTD consists of a county, or multiple counties, which contain a rail line that is being or has been abandoned and has carried no more than three million gross ton miles/year.
Powers and Duties

What are the powers of an RRTD?
- Acquire construct, sell, lease, and operate rail facilities and rolling stock
- Eminent Domain
- Issue bonds
- Cannot levy or collect taxes in order to fund their activities

What are the duties of an RRTD?
- Shall meet at least once a month to conduct the district business
- Adopt an annual operating budget with public notice
- May not abandon a rail line for which State funds have been loaned or granted
Rural Rail Transportation Districts

RRTDs: 42
Single-County: 28
Multi-County: 14
Total Counties covered: 95
## Growth Trends in RRTDs Formed over the Past Decade

<table>
<thead>
<tr>
<th></th>
<th>Formed Prior to 2002*</th>
<th>Formed Since 2002*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of RRTDs</strong></td>
<td>20</td>
<td>22</td>
<td>42</td>
</tr>
<tr>
<td><strong>Single-County RRTDs</strong></td>
<td>8</td>
<td>20</td>
<td>28</td>
</tr>
<tr>
<td><strong>Multi-County RRTDs</strong></td>
<td>12</td>
<td>2</td>
<td>14</td>
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<tr>
<td><strong>Number of Participating Counties</strong></td>
<td>70</td>
<td>25</td>
<td>95</td>
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*RRTDs “Prior to 2002” as documented in 0-4007 series plus South Plains and Middle Rio Grande.*
Gulf Coast Rail District

Year Created: 2007 (under Transportation Code Section 171)

Counties (5): Fort Bend, Galveston, Harris, Montgomery, Waller, also includes City of Houston and Port of Houston Authority

Powers: Eminent Domain; intermunicipal commuter rail powers

Motivation for Forming: Abandonment, freight rail and grade crossing issues

Asset Ownership: None

Successes: Belt Junction, West Belt grade separations, Bringhurst pedestrian bridge, planning funds through H-GAC
## Recent RRTD Activities

<table>
<thead>
<tr>
<th>Category</th>
<th>Activities</th>
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<tbody>
<tr>
<td>Railroad Right-of-Way/Rail Line Ownership</td>
<td>• Purchase of Abandoned or Spur Lines&lt;br&gt;• Freight Operations</td>
</tr>
<tr>
<td>Other Railroad-Related Activities</td>
<td>• Study of New Lines&lt;br&gt;• TIGER Grant Applications for Rehabilitation</td>
</tr>
<tr>
<td>Economic Development</td>
<td>• Industrial Park Development&lt;br&gt;• Preservation of Existing Spur Lines</td>
</tr>
<tr>
<td>Non-Railroad Related Activities</td>
<td>• Trail Development&lt;br&gt;• Potential Toll-Road in Abandoned Corridor</td>
</tr>
<tr>
<td>Interaction with Other Special Districts</td>
<td>• Regional Mobility Authority Plans&lt;br&gt;• Commuter Rail District</td>
</tr>
<tr>
<td>RRTD Asset Ownership beyond RRTD Boundaries</td>
<td>• Purchase of ROW that Extends outside Counties in District/State</td>
</tr>
</tbody>
</table>
The Success Factors

Elements of a Successful RRTD

• A board that holds regular meetings, has little turnover, and has a background in shipping or freight oriented business

• Financial capabilities, which include access to capital funding, business and economic development opportunities, and a generally healthy local economy

• Ownership and control of the right-of-way and associated facilities

• Good business operational practices, including a viable business plan, a good operator, and connections with larger (Class I) railroads
Cen-Tex RRTD

Year Created: 1990
Counties (5): Brown, Comanche, Erath, Hood, Johnson
Motivation for Forming: Abandonment
Asset Ownership: RRTD; operating rights to Fort Worth and Western Railroad
Successes: Public ownership of ROW; FWWR moved 36,000 carloads in 2008
Northeast Texas RRTD (NETEX)

Year Created: 1994

Counties (5): Collin, Franklin, Hopkins, Hunt, Titus

Motivation for Forming: Abandonment

Asset Ownership: TxDOT; Leases to RRTD, who leases the operations to Blacklands Railroad

Successes: working on potential toll road between Wylie and Lavon, NCTCOG feasibility study; Blacklands Railroad requesting RRIF loan to upgrade track to Class 2
Year Created: 2001,2002

Counties (1 each): Nueces, San Patricio

Motivation for Forming: Abandonment/Economic Development

Asset Ownership: None

Successes: Hold joint meetings; Focus on Port of Corpus Christi and La Quinta Terminal access
Future Role of RRTD’s

Revisions to statutes to improve success: lack of sunset provisions for inactive districts, ability to generate revenue, coordination with statewide planning efforts.

Loss of eminent domain through SB 18 Compliance effective 9/01/2013.

The number of RRTDs statewide, especially single-county RRTDs, has grown over the past decade.

TxDOT and RRTD’s should develop a framework for establishing an effective partnership.
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