

**A Report Submitted to
The Honorable Brad Henry
Governor of Oklahoma**

Rail Programs Division Annual Report



**Secretary of Transportation
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Executive Summary

The 1978 Oklahoma State legislature created the "Railroad Revitalization Act" under House Bill 1623. This foresight by the Governor and the Legislature was the primary influence in the preservation of the freight rail infrastructure the State of Oklahoma has today. This bill provided specific powers and duties for the Oklahoma Department of Transportation in dealing with the multitude of rail issues facing the State of Oklahoma. Under this bill the Department was authorized and empowered to acquire, construct, repair, operate and maintain railroad rights-of-way and trackage on feasible and economically sound routes; to participate in all matters related to rail ownership including operating, agreements, the securing of state or federal grants; and to make and enter all contracts as it may deem necessary and proper for carrying out the provisions of this act.

Through an initial legislative appropriation of \$22 million, the Department aggressively pursued the purchase of recently abandoned rail lines of the Chicago Rock Island and Pacific Railroad and the Missouri-Kansas-Texas Railroad companies. Since these initial rail purchases of approximately 475 miles of track in 1981 and 1982, the Department has nearly doubled that mileage and successfully leased 94% of the present operations to Class I and Class III operators through the foresight of the original legislative efforts. The contributions of these forward thinking legislative and gubernatorial participants, initiated the preservation and restoration of rail service to shippers and customers, while contributing to the Oklahoma's overall economic development. Many communities and industries who previously relied on rail support and were in jeopardy of losing rail as a transportation alternative, continue to utilize rail service on the routes preserved through the various purchases facilitated by this legislation. Many areas have also experienced economic growth that can be directly attributed to the availability of rail as a freight transportation alternative.

The Department's primary rail interest through 1998 had been the purchase and redevelopment of rail freight lines, however, the first regularly scheduled passenger train service returned to Oklahoma in 1999 after an absence of nearly twenty years. Amtrak, partnering with the Department, developed a daily round trip passenger service between Oklahoma City and Ft. Worth, Texas. Additional station stops are Norman, Purcell, Pauls Valley, Ardmore, and Gainesville, Texas. Total ridership numbers have far exceeded expectations with ongoing efforts are under way to incrementally reduce the present travel time between Oklahoma City and Ft. Worth. Preliminary travel time projections indicate that the present



total travel time of Four hours and 30 Minutes can be reduced by approximately 35 minutes with the grade crossing signal improvements presently programmed in the State of Oklahoma. The State of Texas is considering implementing similar improvements, which are anticipated to reduce the travel time by an additional 25 minutes resulting in a total travel time of Three hours and 30 minutes. This projected travel time would be extremely competitive with present automobile travel times under favorable conditions.

A private consulting firm finalized the original High Speed Passenger Rail Feasibility Study in March of 2001, which included an evaluation of the existing routes for passenger rail service. The original study underscored the importance of an additional passenger rail connection between Oklahoma City and Tulsa to facilitate the ridership and connectivity necessary to develop a feasible passenger rail system in the State of Oklahoma and throughout the remainder of the region. A significant accomplishment of the original rail feasibility study was the completion of a successful application for designation by the Federal Railroad Administration (FRA) and the United States Department of Transportation (DOT) as a High Speed Rail Corridor from Ft. Worth to Tulsa in October of 2000, including the existing Heartland Flyer Route between Oklahoma City and Ft. Worth. A rail passenger system across Oklahoma with ties to major cities in the north and south has the potential to greatly enhance growth and help ease increasingly common highway congestion problems.

Additional rail planning efforts in the State of Oklahoma have been focused on the development of potential new High Speed Rail (HSR) routes between Oklahoma City and Tulsa. The completion of the Oklahoma High Speed Rail Initiative report resulted in a FLI-Mapping grant from the FRA administered by the Volpe Center through the Army Corp of Engineers to provide detail survey data that will be necessary to further assess the proposed high speed rail alignment alternatives between Oklahoma City and Tulsa. The detailed mapping obtained from this project will provide the data necessary for the final preliminary planning efforts, the associated environmental efforts, and serve as the official mapping for the development of the final design for the preferred alignment alternative.

The Department's Rail Programs Division continues to fulfill its obligations as originally set forth in the 1978 bill striving for a progressive and balanced transportation system through the State of Oklahoma. The elimination of the Local Rail Freight Assistance, (49 USC Chapter 221, Sec. 22101) program in conjunction with the adoption of the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991 has significantly impacted the

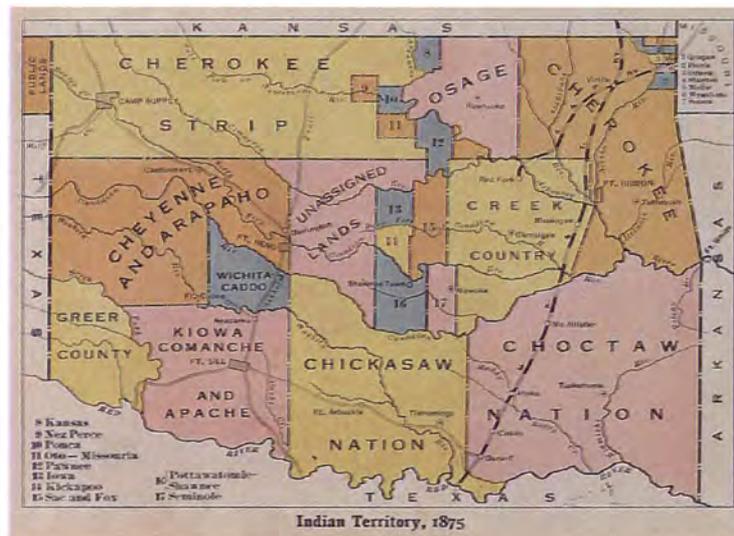


amount of federal & state funding available for rail maintenance or infrastructure improvements. A new State loan program has recently been developed through the Railroad Rehabilitation Act (66 O.S. Supp. 2002, Sec. 309.3) that could potentially help offset the impacts associated with the loss of the LFRA program. The Railroad Rehabilitation Act requires the ODOT Rail Programs Division to develop a plan for the loan program that includes provisions for the development of the terms and the approval processes for the proposed loans, the development of any necessary rules or specific limitations for the use of the funds acquired through the loan processes, as well as the mechanisms by which the loans will be distributed. Some of the significant challenges associated with this new program will be the fair and equal distribution of the loans, and the development of sufficient guidelines for administering the program. An emergency Transportation Commission Rule (Title 730, Sec. 40, Chapter 3) has been filed with the Secretary of State through the Office of Administrative Rules, which has allowed the loan program to be initiated. The emergency rule extends through July 2003 and the paperwork to file a permanent rule for the loan program is on schedule to be completed by the end of April 2003.



History

Rail transportation in the State of Oklahoma was implemented by the Missouri Kansas Texas (Katy) Railroad on June 6, 1870. Railroad construction had not been allowed in "Indian Territory" until after treaties with the Five Civilized Tribes; the Cherokees, Creeks, Seminoles, Choctaws, and Chickasaws, had been renegotiated at the end of the Civil War in 1865. Under the new agreements, the Five Nations were required to allow one east/west and one north/south railroad route to be constructed across Indian Territory. The Katy was the first to make application with Congress to cross Indian Territory and laid the first rail in the State of Oklahoma beginning at the State line north of Russell, Oklahoma, continuing into Vinita on a line currently operated by the Union Pacific Railroad. The next railroad to enter the State was the Eastern Division of the Atlantic and Pacific Railroad (A&P), which later became a component of the Frisco System, and is presently a component of the Burlington Northern and Santa Fe Railway Company. The A&P reached Vinita on September 1, 1871 where operations were suspended on both railroads until after 1881 when the A&P continued construction into Tulsa crossing the Arkansas River in 1886 and finishing the route into Oklahoma City in 1898. The transportation opportunities provided via rail infrastructure initiated the more rapid growth of two communities that would evolve into the two largest economic centers in present day Oklahoma. The following graphic depicts railroads constructed or planned for construction in "Indian Territory" prior to 1875.



Railroad construction continued at a blistering pace in the State of Oklahoma until the late 1940's or early 1950's with over 6500 miles of railroad construction recorded by the State.



Program Description

The following information provides an overview of rail program objectives, the legislation initiating State Rail Programs, and a Summary of Funding sources to date.

Objectives of the Program

One of the foremost objectives of the Oklahoma's Rail Programs Division has been the support of alternative transportation modes for freight transportation throughout the State. With the onslaught of railroad abandonment in the late 1970's and early 1980's it became apparent that a valuable component of the State's transportation network would be significantly altered if an initiative to maintain the existing rail infrastructure were not developed. The failure of the Chicago, Rock Island, and Pacific Railroad in the late 1970's had the potential to significantly impact several industries within the State who were highly dependant on rail transportation. The foresight of the governors office and the legislature facilitated the development of specific legislature to preserve freight rail transportation alternatives in various regions of the State. The legislation adopted by the State of Oklahoma enabled ODOT to purchase rail routes critical to many industries that were in jeopardy of being abandoned. The objective of the State was to acquire the critical routes and facilitate the operation of those routes by independent short line or Class One railroad operators. The impact of this legislation significantly altered what remains as the present day rail infrastructure in the State of Oklahoma.

Present Rail Infrastructure



Legislative Authority

In 1978 the Oklahoma Railroad Revitalization Act (66 O.S. Supp. 1978, Sec. 302.1 et.seq.) was instituted under House Bill Number 1623. This Act enabled ODOT to acquire and maintain railroad rights-of-way, enter into operating



agreements, and to administer funding allocated from public and private sources that would be necessary to assist short line or Class One operators maintain operations on State acquired rail properties. Section 309 of the Act established the Railroad Maintenance Revolving Fund (66 O.S. Supp. 1978, Sec. 309).

Funding History

The Railroad Maintenance Revolving Fund was to be administered by the State Treasurer's Office with the funding being utilized by ODOT to implement the Railroad Revitalization Act. The primary funding source for the Railroad Maintenance Revolving Fund is the Oklahoma Freight Car Tax (68 O.S. Sec. 2201 et. seq.), which imposes a tax equivalent to 4 percent of the gross earnings of a freight car operating within the State. This fund generates approximately \$800,000 annually. Under the provisions of the Revitalization Act, \$12,000,000 was appropriated from the General Revenue Fund of the State Treasury, in the fiscal year ending June 30, 1980, with an additional \$10,000,000 appropriated in the fiscal year ending June 30, 1981. This original \$22,000,000 investment was primarily utilized to purchase rights-of-way in danger of being abandoned after the failure of the Chicago, Rock Island, & Pacific Railroad in the late 1970's. Illustrated here in red.



State funds generated from the Railroad Maintenance Revolving Fund have been utilized for various purchases and maintenance items over the past 20 years. Below is a list of expenditures from State funding sources, including any funds used to match Federal funding allocations.



State Funds – Rehabilitation Materials/Projects

Altus-Devol (20% Match for 1980 FRA Grant)	\$148,070.00
Altus-Devol (20% Match for 1981 FRA Grant)	\$757,178.00
Hydro-Elk City (30% Match for 1982 FRA Grant)	\$575,214.00
Materials for OKT Properties - 1983	\$500,000.00
Materials for Altus-Devol	\$355,000.00
Materials for Hydro-Erick	\$136,677.00
Materials for McAlester - Howe	\$145,000.00
Board of Claims Award - Altus-Devol	\$1,280,602.00
Materials for AT&L	\$52,734.00
Materials for Farmrail	\$228,175.00
Walters To Waurika	\$819,732.99
Materials for WTS	\$1,899,144.90
Emergency Flood Repairs-WTJ*	\$1,055,999.71
Railroad Signal Projects - Farmrail	\$525,334.95
Crossing Surfaces-Frederick-WTJ	\$54,765.67
Geary Signal Project-AT&L	\$28,501.26
BNSF Signal Project	\$26,000.00
Materials for State Properties	\$365,978.70
State Property Computer Mapping	\$39,420.00
Improvements at 3 Bridges	\$355,000.00
Corridor & Signal Improvements	\$412,000.00
Right of Way Improvements	\$9,250.00
Total Expenditures	\$9,769,778.18



Federal funding allocations have been used to maintain Oklahoma railroad operations to the extent possible through various programs, which often require matching funds. The Railroad Revolving Maintenance Fund has allowed ODOT to acquire Federal funds that would not have been available had the matching funds not been provided at the State level. The following table lists the various Federal funding allocations used for maintaining rail operations on Oklahoma's State-owned rights-of-way including the percentage of the matching funds required and by whom the match was provided.

Federal Funding Grants and Matching Funds

Fiscal Year	Grant	Local Match	Ratio	By
1980	\$1,241,078	\$310,270	80/20	State
1981	\$3,028,710	\$757,178	80/20	State
1982	\$1,342,165	\$575,214	70/30	State
1983/84	\$1,612,813	\$691,206	70/30	OKT RR
1985	\$526,989	\$225,852	70/30	OKT RR
1986	\$712,414	\$305,320	70/30	OKT RR
1988	\$50,000	\$21,483	70/30	Farmrail
1989	\$48,000	\$20,571	70/30	Farmrail
1990	\$35,892	\$15,382	70/30	Farmrail
1992	\$36,000	\$15,429	70/30	Farmrail
1993	\$41,200	\$17,658	70/30	Farmrail
1993-1**	\$300,000	\$128,572	70/30	Farmrail
1994	\$36,000	\$15,429	70/30	Farmrail
1994-1**	\$400,000	\$218,000	70/30	Farmrail
1995	\$36,000	\$15,429	70/30	Farmrail
1995-1**	\$170,100	\$72,900	70/30	Farmrail
1998	\$736,091	\$963,909	45/55	State
TOTAL	\$10,353,452	\$4,369,802		
GRAND TOTAL: \$14,671,825				

*\$310,270.00 = \$162,200.00 Acquisition
 = \$148,070.00 Rehabilitation
 Altus-Devol

** Represents Discretionary Fund



Program Accomplishments

This section outlines the progress or milestones obtained by Oklahoma's Rail Program initiatives over the past two decades. The comparison between the routes abandoned since 1978 and the routes purchased by the State through the provisions of the Railroad Revitalization Act, illustrate the impact of Oklahoma's Rail Programs on the transportation network presently available throughout the State. Since the peak of rail operations in Oklahoma during the mid to late 1940's over 2800 miles of rail have been abandoned. In an effort to reduce the number of abandonments after the Chicago, Rock Island, and Pacific Railroad declared bankruptcy in 1978 and sought ways to downsize operations throughout the State, the State of Oklahoma became one of the first States to participate in the purchase of rail infrastructure and the coordination of third party rail operations, again illustrating the forward thinking and innovative transportation solutions generated by the legislation that initiated Oklahoma's present freight rail program. The Oklahoma program has served for years as a model by which a majority of other States have based components of their existing rail programs involving State ownership. Short Line operators have become a very important component of the present rail infrastructure throughout the nation. Lower overhead rates, non-union labor, and governmental funding assistance have allowed routes that could not sustain self sufficient operations as a Class One operation, to remain in operation providing an alternative transportation mode for a growing number of rail customers. The overall impact of the downsizing of rail infrastructure throughout the United States has been minimized in Oklahoma because of the unprecedented legislative provisions formulated in the original "Railroad Revitalization Act". The routes illustrated in red below are those which have been abandoned since 1978, the total of which is approximately 1240 miles.

Rail Routes Abandoned Since 1978



Further abandonment would have been inevitable if the Railroad Revitalization Act had not been implemented in 1978. The following graphic denotes the State



owned rail routes, all of which were subject to abandonment prior to being purchased by the State.

State Owned Rail Infrastructure



The following table depicts the status of the rail infrastructure in both 1978 and 2002 illustrating the impact that State Owned properties have on both present day operations and how the amount of mileage abandoned has been significantly reduced through State involvement.

State Rail Infrastructure Statistics

	Mileage	
Total Active in 2002		3743
Class One Operators	68%	2535
Shortline Operators (Class III)	32%	1208
Routes Purchased by the State	24%	882

	Mileage	
Total Active in 1978		4991
Abandoned	25%	1248
Routes Purchased by the State	18%	882

Oklahoma is fortunate in that the State-Owned rail infrastructure, which constitutes approximately 24% of the routes that are presently in service, was preserved through an aggressive, innovative, and forward thinking piece of legislature that few other States have been fortunate enough to adopt. The amount of rail infrastructure preserved through the Railroad Revitalization Act constitutes approximately 18% of the





miles originally in service in 1978. The schedule of acquisition and the associated cost of the individual routes are depicted in the following table.

Property Acquisitions

Location	Length	Cost
Hydro-Elk City	62.40 miles	\$3,100,000
Altus-Devol*	61.02 miles	\$162,200
OKT Properties	350.93 miles	\$15,000,000
El Reno-Hydro	37.60 miles	\$1,700,000
Elk City-Erick	27.05 miles	\$324,000
McAlester-Howe	69.60 miles	\$2,778,406
Thomas-Elmer	89.32 miles	\$1,195,965
OKC-Tinker Line	5.00 miles	\$350,000
Blackwell-KS State line	17.00 miles	\$460,000
OKC-Sapulpa	97.50 miles	\$5,950,000
Stillwater - Pawnee	22.21 miles	\$600,000
Guthrie - Fairmont	42.80 miles	\$2,600,000
Total Acquisition	882.43 miles	\$34,220,571
Current Total Miles **	866.93 miles	
Pending		
Shawnee-McAlester	83.94 miles	\$ 3,200,000 (Est)

Status of State Owned Rail Properties

As a result of the Oklahoma Railroad Revitalization Act in 1978, the Department received \$12,000,000 in Fiscal Year 1980 and \$10,000,000 Fiscal Year 1981 for a total initial appropriation of \$22,000,000. The sequence of acquisitions were as follows:

In November 1981 the Department acquired 62.4 miles of former Chicago, Rock Island and Pacific Railroad (CRI&P) between Hydro and Elk City for \$3,100,000. These properties are leased to the Farmrail Corporation (FMRC) under a long-term lease and operating agreement. The segment from Weatherford to Hydro is not being operated at this time primarily due to lack of rail traffic and several track washouts that occurred west of Hydro in the fall of 1987.





In June 1982 the Department acquired 61.02 miles of abandoned Missouri-Kansas-Texas Railroad (MKT) between Altus and the Oklahoma/Texas state line south of Devol in Cotton County for \$811,000. This was a joint Federal-State purchase with 80% funding provided through Federal grant monies. These properties initially were operated and managed by the MKT Railroad under a long-term lease and operating agreement. In November 1988, the MKT Railroad was acquired by the Union Pacific Railroad Corporation and the operating agreement was assigned to the Union Pacific (UP) Railroad as the MKT's successor. In January 1991, by mutual agreement, the lease and operating agreement between the Department and the UP terminated. Concurrent with termination of that agreement, a long-term lease and operating agreement between the Department and the Wichita, Tillman and Jackson Railway Company (WTJ) was executed. The WTJ was a new shortline railroad company formed for the express purpose of operating and managing these properties and a short segment of the Oklahoma, Kansas and Texas Railway Company properties between Waurika and Walters.



In October 1982 the Department acquired 350.93 miles of former CRI&P Railroad for \$15,000,000. These properties generally are referred to as the OKT Properties and encompass the former Rock Island north-south mainline from the Kansas state line south through Enid, El Reno, Chickasha, Duncan, and Waurika to the Texas state line; the east-west mainline between El Reno and Oklahoma City, and the branch line loop from Chickasha to Anadarko, Lawton, and Waurika where it rejoined the north-south mainline. These properties initially were operated and managed under a long-term lease-purchase and operating agreement by the Oklahoma, Kansas and Texas (OKT) Railroad Company, a subsidiary of the MKT.



In December 1987, a 15.5-mile segment of the OKT properties between Lawton and Walters (a component of the Lawton branch line) was abandoned and the material salvaged, effectively reducing the OKT properties from 350.93 miles to 335.43 miles.



In November 1988, MKT/OKT Railroad Companies were acquired by the Union Pacific Railroad Corporation and the lease/purchase and operating agreement assigned to Union Pacific (UP) Railroad for the continued operation and management of OKT properties, as the successor to the MKT/OKT. The properties are operated and managed as a component of the UP system.

In January 1991, the Department agreed to allow UP to sublease the operation and management of the 23.9-mile Waurika to Walters branch line, a component of the original OKT properties, to the Wichita, Tillman and Jackson Railway Company. This sublease did not relieve UP Railroad of any obligations or responsibilities contained in the OKT lease purchase and operating agreement.



In July 1983 the Department acquired 37.6 miles between El Reno and Hydro from the former CRI&P Railroad for \$1,700,000. The segment of these properties from El Reno to Geary (approximately 20 miles) is operated and managed by the Austin, Todd and Ladd (AT&L) Railroad Company under a long-term lease-purchase agreement. The AT&L Railroad is owned by Wheeler Brothers Grain Company, headquartered in Watonga, who had purchased the former CRI&P Railroad between Geary and Watonga (approximately 17 miles) and presently operate the two segments as a unit.



On May 14, 1986, an operating agreement with a one-year term was executed between the Department and the AT&L for the operation of the contiguous 9.5-mile segment between Geary and Bridgeport, which expanded the AT&L's operation on state rail property to 29.5 miles, and AT&L's total service area (including their own 17 miles between Geary and Watonga) to 46.5 miles. On May 22, 1987, an operating agreement was executed between the Department and AT&L for the continued operation of this 9.5-mile segment of the track. AT&L



and the Department have since extended the term limits of the operating agreement.

A 12-mile segment of the route from Bridgeport to 3.5 miles west of Hydro is not leased or operated because of current bridge problems. This is one segment of the 866.93 miles of state-owned rail properties that is currently not leased for operations. Engineering rehabilitation of the bridges on this route have been postponed pending additional engineering evaluation.

In May 1985 the Department acquired 27.05 miles between Elk City and Erick, for \$324,000. Farmrail Corporation is operating these properties under a long-term lease agreement. The rail between Erick and the Texas state line (approximately 7 miles) has been abandoned and removed.



In February 1986 the Department acquired 69.6 miles between McAlester and Howe for a total of \$2,778,406. These properties were initially operated by the MKT Railroad under a long-term lease and operating agreement, which allowed the operator the option to purchase the property at any time during the lease term. In November 1988, Union Pacific Railroad Corporation assumed the lease and operating agreement when UP acquired the MKT Railroad Company. UP operated this line segment until February 1996, when the lease and operating agreement were reassigned to a new shortline operator, the Arkansas-Oklahoma Railroad Company. The AOK Railroad Company operated the line under UP's authority until June 1998. Currently, the AOK has met all contractual obligations with UP, and has been fully assigned as MKT's successor to the original 1986 agreement. The rail between Howe and the Arkansas state line (approximately 11.1 miles) has been abandoned and removed.



In December 1992 the Department acquired 89.32 miles of the Atchison, Topeka and Santa Fe Railway's "Orient" Line between Thomas and Elmer for \$1,195,965. These properties are operated by the Farmrail Corporation under a long-term lease agreement.

In June 1994 the Department acquired 76.21 miles of abandoned railroad right-of-way (no rail) between Thomas and Cherokee, for \$440,000. The Department salvaged bridge materials along the line, and the right-of-way was then sold to



adjoining landowners and municipalities. The Department obtained a net income of \$8,875 from these properties.

In May 1995 the Department acquired five miles from eastern Oklahoma City limits to Tinker Air Force Base in Midwest City for \$350,000. These properties often referred to as the "Tinker Line," are operated under a long-term track lease and operating agreement with the South Kansas and Oklahoma Railroad Company (SKO). This agreement was signed December 1995; however, actual operation was not initiated immediately because the Burlington Northern and Santa Fe Railroad had removed a crossing diamond across their track, which prohibited access to the Midwest City line. In December 1998 the Department hired a private contractor to install a wye connection to reconnect the Midwest City line providing the SKO access to Midwest City.

In September 1997 the Department acquired 17 miles from Blackwell, north to the Kansas state line for \$460,000. This purchase is part of a joint effort with the Blackwell Industrial Authority, whom purchased a 17-mile portion of the same rail line from the Kansas state line to Wellington, Kansas. The "Blackwell Line" was originally owned and operated by the Atchison, Topeka and Santa Fe Railway Company. The properties from Blackwell, to Wellington, Kansas, were originally operated for the Department, under a long-term track lease and operating agreement by South Kansas and Oklahoma Railroad Company. The most current operating agreement was completed on October 17, 2000 with the Blackwell and Northern Railroad Company, Inc. under a five year term operating and lease agreement.



In February 1998 the Department acquired two rail lines from the Burlington Northern Santa Fe Railroad Company. The first line extends 22.21 miles from Stillwater in Payne County, to Pawnee in Pawnee County. The second line extends from Oklahoma City to Sapulpa in Creek County for a distance of 97.5 miles. After an advertised search for an operator, the Department selected Stillwater Central Railroad Company to manage and operate both rail lines. The purchase price for both segments





was \$6,550,000, the funding for which came from the Rail Revolving Maintenance Fund.

In October 1998 the Department acquired 42.8 miles of track from the Burlington Northern Santa Fe (BNSF) Railroad Company for \$2,600,000. The line extends from Guthrie in Logan County, to Fairmont in Garfield County and connects to the BNSF mainline in Guthrie. The City of Guthrie had originally been given a two-year time frame, which began January 1, 1999, to secure an operator. The original agreement indicated that if an operator could not be established during the specified timeframe, the state would salvage the line and recover the original investment. A one year time extension was granted to the City in both 2001 and 2002 to allow them some additional time to secure an operator. As of the date of this report, an operator has not been secured and active rail freight service has not been re-initiated on this route.



Revenue Return to the State

As of December 31, 2002, Oklahoma owns 866.93 miles of mainline and branchline railroad, of which 814.90 miles (94%) are leased for operation and management to seven different railroad companies as nine separate operations. The State has entered into a long-term lease or lease/purchase and operating agreement with each of the seven operators, tailored to the specific characteristics of each individual operation. Each operating agreement was developed around the basic premise of providing rail freight service to areas of rural Oklahoma where service had been lost or was on the verge of being lost, and no private corporation was willing to invest the capital necessary to reinstate or preserve rail service. Another basic premise of each agreement is that the operation will be self-supporting; the State will pay no operating subsidy to any operator. The State may, nevertheless, choose to assist operators with extraordinary rehabilitation or repair costs through the purchase of materials for installation by the operator at the operator's expense. Generally, the State becomes involved only when such cost would represent an undue burden to one of its operators. The Department may also choose to participate jointly with the operator on projects that would significantly improve safety or service. The operation or sale of the most recent 42.8-mile purchase, Guthrie to Fairmont, is presently being negotiated.



State Owned Rail Routes



Each of the nine separate operations return lease revenues to the State to help perpetuate a continuing rail program. To date we have received the following returns:

Farmrail Corporation (FMRC) Sunbelt Line

Presently operates the 79-mile segment between Hydro and Erick, and during the period from November 1981 through December 2002, has returned \$1,142,323.35 to the State from its operation.



Farmrail Corporation (FMRC) Orient Line

Presently operates the 89.32-mile segment between Thomas and Elmer, and during the period from December 1992 through December 2002, has returned \$449,393.27 to the State from its operation.





The Union Pacific Railroad Company (UP) Presently operates 335.43 miles (the north-south mainline through Enid, El Reno, Duncan, and Waurika; the Lawton loop, and the east-west piece between El Reno and Oklahoma City) under a thirty-year lease/purchase agreement. During the period from January 1983 through December 2002, \$21,561,622.89 has been to the State. The terms of the UP lease/purchase agreement are such that the annual payment increased to \$600,000 in November 1987, increased to \$1,200,000 in November 1992; to \$1,500,000 in November 1997; and to \$1,800,000 in November 2002, with the final \$1,800,000 payment due in November 2011. Total payments for the term of the agreement are \$35,000,000. These annual payments will continue to be augmented by a share of the income generated by UP's leasing and sales activities.



The Wichita, Tillman & Jackson Railroad Company (WT&J)

Presently operates the 61.02 mile line-segment from the Texas/Oklahoma state line south of Devol in Cotton County, northwest to Altus, and subleases the 23.9 mile segment of OKT properties from Waurika to Walters from the UP under a long-term lease and operating agreement which became effective January 14, 1991. From August 1982 through January 13, 1991, this property was operated by the MKT followed by the UP as MKT's successor. During that period this operation returned \$205,466 to the State. The WTJ Railroad Company has operated this line for ten years, January 1991 through December 2002, and has returned \$261,446 to the State.



The AT&L (AT&L)

Presently operates the 20-mile segment between El Reno and Geary under a long-term lease/purchase and operating agreement. For the period from May 1985 through December 2002, AT&L has returned \$567,325.40 to the State from this operation. For the period between May 1985 and May 1989, AT&L's annual payment was \$25,000;





this payment increased to \$30,000 in May 1990; increased to \$35,000 in May 1995; and is scheduled to increase to \$37,000 in May 2005, with the final \$37,000 payment due in May 2014. Total payments for the term of the agreement will be \$995,000.

In addition to the above property, the AT&L Railroad operates an additional 9.5 miles between Geary and Bridgeport under a five-year lease. This agreement is structured to allow for the minimal rental charges to be applied to improvement of the track infrastructure.

The Arkansas-Oklahoma Railroad (AOK)

Presently operates the 69.6-mile segment between McAlester and Howe, under a long-term lease and operating agreement, which began February 1996. To date the AOK has returned \$101,905.93 to the State from their operation. Prior to the AOK, the UP operated this line from February 1986 through January 1996, returning \$402,100.00 to the State.



South Kansas and Oklahoma Railroad (SKO)

Operates the Midwest City line under a Track Lease and Operating Agreement, which began December 1995. However, they were not physically able to operate this line because the tracks crossing the Burlington Northern and Santa Fe Railway were removed prior to the purchase by the State. In December 1998, the State completed the necessary rail work, which now allows for full operation of the line, however, no specific market had been developed as of December 2002.





Blackwell and Northern Railroad (B&NR)

Operates under a Track Lease and Operating Agreement on the Blackwell Line and began providing rail freight service in October 2002. The SKO operated the line prior to the B&NR and returned \$16,413.12 to the State.



Stillwater Central Railroad (SLWC)

Operates two segments of track purchased by the State from the Burlington Northern and Santa Fe Railway. The two segments, Stillwater to Pawnee and Oklahoma City to Sapulpa, are operated under separate track lease and operating agreements, which were initiated in June 1998. To date the SKO has returned \$234,303.90 to the State on these operations.



ODOT has also collected \$19,945.68 in miscellaneous income from lease payments and land sales on rail lines leased or sold through December 2002.

Of the total 866.93 miles of railroad properties owned by the State, 814.90 miles (94%) are leased to operating carriers at this time. Total income to the State from all such operations for the nineteen-year period from November 1981, when the first freight operation was initiated, through December 2002, was \$24,962,246.



Rail Programs Accounting Summary

Acquisitions	\$34,220,571.00
Rehabilitations/Materials & Projects	\$9,769,778.18
Total State Funds Invested/Expended For The Years 1981 through 1999	\$43,990,349.18
Total Federal Railroad Administration Grants Expended on State Properties	\$10,353,452.00
Total Local Match (Non-State) Expended on State Properties	\$1,763,231.00
Total Funds Invested for State Properties & Rail Program	\$56,107,032.18
Total Income From State Owned Rail Properties	\$24,962,245.54

Proposed Projects

One of the primary responsibilities of the Rail Programs Division is to identify rail related improvement projects that would greatly enhance operations or facilitate additional customers. The scope of these projects include various types of improvements selected to facilitate the better utilization of State owned track. Once the projects have been identified, the projects are prioritized based on potential customer and operator benefits. The Rail Programs staff normally provides recommendations regarding the prioritization of projects; however, the final decision for project authorization rests with the Department's executive staff. The primary funding responsibilities of the Rail Programs Division are the identification of available State funds for the proposed rail improvements, the identification of potential external funding sources, the development of accurate cost estimates, and the definition of the time constraints anticipated for proposed funding allocations.

The Rail Programs Division has developed the following list of eighteen proposed projects that have been identified as economically feasible. These projects have been divided into two distinct categories; three projects presently considered to be industrial development projects and fifteen projects considered to be track rehabilitation projects. Industrial Development Projects are projects anticipated to have a substantial impact on industries that will benefit from access or enhanced access to rail service.



INDUSTRIAL DEVELOPMENT PROJECTS	State Portion	Total
1 Construct siding at Redoak (AOK)	\$200,000	\$400,000
2 Reconstruct BNSF/UP Interchange at Fort Sill for switching	\$150,000	\$450,000
3 Connection track Port of Muskogee (Active, Not Complete)	\$1,000,000	\$2,000,000
Total Industrial Development Expenditures	\$1,350,000	\$2,850,000

Track rehabilitation projects cover a broader range of improvements that are focused primarily on maintaining or enhancing rail operations. These improvements include track and bridge rehabilitation as well as enhanced access improvements provided through switch, diamond, or connection improvements. The following table identifies anticipated improvements and the priority presently established for each proposed improvement.

TRACK REHABILITATION PROJECTS	State Portion	Total
1 Elk City to Sayre (Farmrail).	\$417,500	\$835,000
2 Rehabilitate portion of Midwest City Branch (SKOL).	\$300,000	\$450,000
3 Class III Rehab, Sapulpa to Oklahoma City	\$1,000,000	\$1,250,000
4 Reconstruct Weston Bridge at Thomas (Farmrail).	\$150,000	\$300,000
5 SKOL / UP Crossing Diamond (SKOL) (Amtrak).	\$50,000	\$125,000
6 WTJ/BNSF Crossing Diamond (WTJ).	\$50,000	\$125,000
7 AOK/UP Crossing Diamond (AOK).	\$50,000	\$125,000
8 Rework Harter Yard for passenger route (SKOL)(Amtrak).	\$500,000	\$1,000,000
9 Reconstruct Hydro Bridge (Farmrail).	\$1,000,000	\$1,750,000
10 Riprap Deer Creek Hydro - Weatherford (Farmrail).	\$500,000	\$500,000
11 Rehab Hydro - Weatherford (Farmrail).	\$200,000	\$400,000
12 Bridge Repair Hydro - Bridgeport (AT&L).	\$10,151,500	\$10,151,500
13 Riprap Hydro - Bridgeport (AT&L).	\$741,300	\$741,300
14 Rehab Hydro - Bridgeport (AT&L).	\$12,857,700	\$12,857,700
15 Construct interchange track, El Reno (AT&L)(UP)	\$500,000	\$1,000,000
Total Rehabilitation Expenditures	\$28,468,000	\$31,610,500



Budgetary constraints obviously dictate the number and type of improvements that will be conducted as funding becomes available. The total anticipated expenditures associated with all of the improvements identified during the prioritization procedures are outlined in the following table.

Port Intermodal Facilities

Oklahoma presently has two main ports served by the Kerr-McClellan Navigational Channel that are served by rail and provide an alternative transportation mode from the Gulf of Mexico to near Tulsa via the Mississippi and Arkansas Rivers. The two rail served ports in the State of Oklahoma are the Port of Muskogee and the Port of Catoosa. The potential for the expansion of rail/seaport intermodal activities at these facilities will be highly dependant on the enhancement of present rail access. Limited access at the Port of Muskogee and a limited amount of track capacity at the Port of Catoosa have restricted the development of intermodal freight transfer at both facilities. The combined total investment in Oklahoma Port facilities is well over \$1.5 Billion, which has created over 5000 jobs at the over 80 facilities located on the 54 mile waterway, with a total payroll of over \$200 million per year.

Port of Muskogee

The Port of Muskogee presently ships an abundant amount of pipe, coiled steel, petroleum coke, sand, and asphalt products via intermodal operations involving rail freight transportation. The inbound shipments being offloaded from barges to railcars presently include pipe, coiled steel, asphalt, and petroleum coke products. Outbound shipments being loaded onto barges include pipe, coiled steel, sand and petroleum coke products. Ground facilities at the Port include 10 industrial facilities with 30 acres of improved outside storage facilities and over 94,000 square feet of indoor warehouse storage. The present transloading facilities that are frequently utilized for rail intermodal freight transfers include two 450 ton/hour hopper systems used to feed conveyor systems for transloading bulk materials. Present rail operations involve handling over 7000 cars/year, however the Port is presently in the process of expanding their rail operations to facilitate Unit Coal Trains for the Georgia Pacific plant. Other transloading infrastructure that provides additional intermodal rail capacity not fully utilized during present operations includes overhead cranes for trailer on flat car (TOFC), container on flat car (COFC), or large material transloading, liquid transloading equipment, several warehouse facilities, and approximately 9 miles of track for the storage, switching, and transfer of materials transported via rail.

The Port of Muskogee Railroad (PMR) is presently served by the UP, although the BNSF has service in relatively close proximity to the existing port facilities. The UP



and the BNSF share rail service opportunities in the Muskogee area with the BNSF having trackage rights on the UP line between Tulsa and Muskogee. One of the primary improvements presently being sought by the port is an extension of existing port rail facilities to provide direct access to the BNSF. This would provide a competitive shipping market for port tenants, which would enhance the feasibility of the utilization of rail shipping to and from the port. With enhanced rail access and the corresponding competitive rail shipping rates many of the existing transloading facilities presently not being utilized to their full potential would be more likely to have better utilization through rail related shipping activities. The preliminary cost estimate for the development of direct access to the BNSF from the port is approximately \$2,000,000.

Port of Catoosa

The Port of Catoosa presently ships an abundant amount of steel products; pipe, coiled steel, steel plates and structural steel as well as petroleum products, grain, fertilizer, various liquid products, and asphalt products via intermodal operations involving rail transportation. While most products are shipped via rail both inbound and outbound through the Port, the bulk of individual material transfers being shipped inbound or outbound are listed below. Inbound shipments being offloaded from barges to railcars presently include steel products, petroleum products, fertilizer, grain, and some hazardous materials including Chlorine. Outbound shipments being loaded onto barges include petroleum products, fertilizer, molasses, and hazardous materials. Port railroad equipment includes 2 locomotives and approximately 13 miles of track serving a grain elevator, dry bulk facility, 4 docks equipped with liquid transfer facilities, and the majority of the warehouses and outdoor storage facilities. One large travel crane and several portable cranes facilitate rail car loading and unloading throughout the Port. These facilities provide the capability for trailer on flat car (TOFC) or container on flat car (COFC) transloading. Present rail operations involve handling over 7000 cars/year with most of the rail movements requiring railcars to be cut in a marshalling yard operation to reduce the size of the individual trains distributed for loading or unloading within the Port. The number of rail cars handled by the Port has grown approximately 10% per year over the past few years resulting in an increasing number of rail capacity issues. With competitive access to the UP via the SKO and a direct BNSF connection, the primary issue of concern at the Port of Catoosa is the increasing need for additional rail capacity for marshaling and other storage or switching activities.



TOTAL PROGRAM EXPENDITURES	State Portion	Total
Total Industrial Development Expenditures	\$1,350,000	\$2,850,000
Total Track Rehabilitation Expenditures	\$28,468,000	\$31,610,500
Total Expenditures	\$29,818,000	\$34,460,500

Safety Program

Safety projects are coordinated through the ODOT Rail Programs Division for all of the public highway/rail crossings on all of the rail routes within the State regardless of legal jurisdiction (i.e., State, City, County, Township).

Present Oklahoma Rail Network



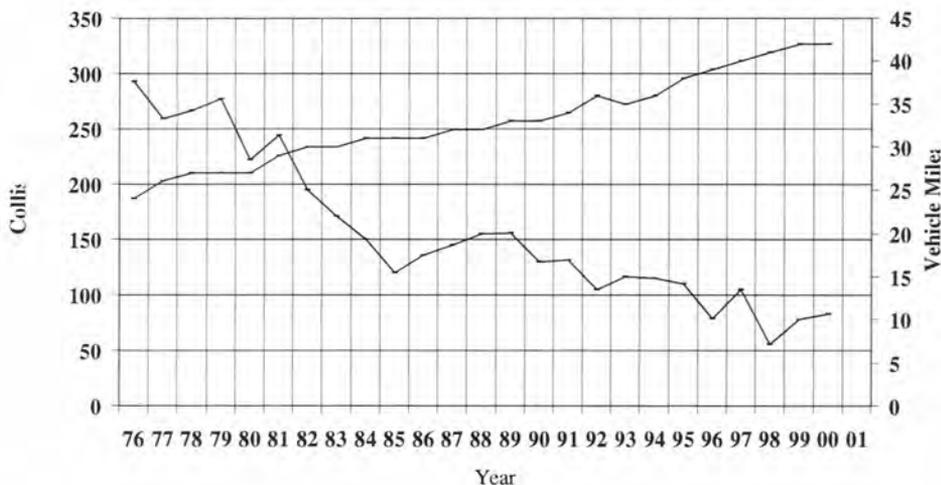
The general types of Safety Projects are segregated into three primary areas including the signalization or upgrade of single locations identified utilizing a prioritization ranking, improvements focused on maintaining statewide minimum requirements, and corridor segment safety improvements focused on the elimination or consolidation of existing crossing locations. Improvements associated with highway construction projects or other types of improvements are normally conducted separate from safety program efforts.



A summary of the Incident statistics associated with the ODOT rail corridor safety improvement program provides positive verification that safety improvements completed by the ODOT Rail Programs Division since the inception of the program have resulted in significant reductions in highway/rail intersection crashes. A large component of the success of the overall program is believed to be associated with the various programs developed for the allocation of State, Federal, and Local funding for rail safety improvements. The primary programs include single location improvements based on the Federal Railroad Administration (FRA) Incident ranking, locations ranked based on geometric criteria collected in recent crossing inventory updates, and corridor safety improvements whereby all of the crossings in a common jurisdiction are upgraded provided that a minimum of 25% of the crossing locations can be eliminated. Oklahoma presently has one of the most detailed and up to date highway/rail crossing inventories in the nation. Over the past 15 years the evolution of the prioritization methods, the maintenance of an accurate grade crossing inventory, and the development of sound procedures for crossing consolidation or elimination have allowed the ODOT Rail Division to formulate what has resulted into one of the most aggressive and successful programs in the nation. The following statistics reveal the trends associated with crashes at highway/rail intersections for the State of Oklahoma and illustrate the increased exposure associated with increases in highway traffic volumes.



Railroad Crossing Collisions vs. Total Vehicle Mileage





The corridor program developed by ODOT has received regional recognition at the Federal level, being identified as one of the most aggressive and successful programs in the nation. Over the past 10 years the majority of large metropolitan areas and urban areas with populations in excess of 5000 citizens throughout the State have been evaluated for railroad corridor safety improvements. Corridors have been implemented in metropolitan areas, urban areas, cities, townships, and counties throughout the State during the course of the program. The success of this program has been a direct result of the amount of funding flexibility intentionally included in the program to help gain consensus at the local level. The State of Oklahoma presently does not have any legislative or judicial rulings in place that facilitate the forced closure of a railroad grade crossing. Consequently, all of the closures in the State of Oklahoma have been by consensus. The corridor program is based on the Federal concept that the local entity must consent to the closure of a minimum of 25% of the crossing locations within their jurisdiction, to be eligible for Federal grade crossing safety funding to update all of the remaining locations with signals, surfaces, and the appropriate roadway access, regardless of the priority ranking of any of the crossings under consideration.

Passenger Rail Activities

Amtrak/Heartland Flyer

March 19, 1998, marked the beginning of the return of rail passenger service to Oklahoma. This reimplementaion of service in Oklahoma became a reality after \$23 million of funding was secured for passenger rail service, through the Tax Relief Act of 1997. The partnership between Amtrak and State officials was initiated immediately with the formulation of an Oklahoma/Amtrak Project Team and the inaugural train for the "Heartland Flyer Service" ran on June 14, 1999. Individual community led efforts were initiated to modify five Oklahoma and one Texas station/platforms with federal enhancement funding. Amtrak also expressed an interest in expanding its national passenger rail network in the south central United States beyond Oklahoma City reporting that the addition of a Tulsa to Oklahoma City service would benefit its overall operation as well as help revive rail passenger service in this area. The results of the initial passenger rail study conducted by the Rail Programs Division verify these observations.





The actual "Heartland Flyer" service has been initiated as "Phase 1 of planned passenger rail services in the State of Oklahoma. The present service is daily, leaving Oklahoma City at 8:25 a.m. and returning at 9:55 p.m. Station stops are Norman, Purcell, Pauls Valley, Ardmore, and Gainesville, Texas. Construction work and modifications to five Oklahoma and one Texas stations/platforms were completed between 2000 and 2003. The Oklahoma City station is located in the former Santa Fe Depot and required more extensive modifications. All of the station renovations utilized Federal enhancement funds in conjunction with local matching funds.

Ridership of the Heartland Flyer has been consistently higher than expected. Expenditures and revenues are available through December 2002. The breakdown of regular service ending December 31, 2002, is as follows:

Ridership	Ticket Revenue \$	Expenditures \$
211,413	4,341,689	19,706,333.31

Average monthly ridership is over 5000 for the initial 43 Months of service.

The Burlington Northern and Santa Fe (BNSF) Railway Company has completed improvements to their main line track and sidings in Oklahoma, that have allowed train speeds to be increased to 60 mph in many areas, which has resulted in better on-time performance of the Heartland Flyer service. Additional work on the grade crossing signal circuit approaches is presently underway that would allow passenger operating speeds to increase to 79 MPH. A tentative schedule for completion of all of the necessary signal improvements is December of 2003. The next anticipated enhancements would involve the upgrade of trackage and signalization in the State of Texas.

Tulsa to Oklahoma City Commuter Route

The Oklahoma City to Tulsa route was evaluated in great detail for both conventional passenger rail operations and High-Speed passenger rail operations, which will be covered later in this report. The most desirable attributes of this route for conventional passenger rail operations are the fact that the State actually owns over eighty percent of the existing track between Tulsa and Oklahoma City and that the distance between the two largest metropolitan areas in the State of Oklahoma is only slightly over 100 miles. These attributes provide the opportunity for a rail connection that could be competitive with other ground transportation modes and extremely competitive air transportation modes.

Additional analysis focused on specific geometric improvements, including the construction of a direct turn connection between the existing ODOT-owned Union



Pacific route and the BNSF mainline in Oklahoma City. The existing connection between the ODOT/Union Pacific route and BNSF mainline in Oklahoma City requires a reverse train movement that requires just over six minutes to complete. Other geometric improvements considered were the incremental improvement of the most restrictive or “sharpest” curves along the route. The geometric analysis indicates that there are 138 curves on the ODOT alignment between Oklahoma City and Tulsa, which would presently require in a travel time of 2 hours and 39 minutes.

This analysis revealed that approximately 16 minutes of the travel time from Oklahoma City to Tulsa could be reduced with improvements to 43 curves, or 31 percent of the total number of curves on the ODOT alignment (Phase One improvements). Improvements to an additional 25 additional curves (Phase Two improvements) would further enhance the travel time by approximately 13 minutes using the existing alignment. The final analysis of the existing alignment indicated that a travel time of 2 hours and 10 minutes could be achieved using conventional equipment with the recommended improvements to 68 curves along the alignment (Phase One and Two improvements). The total cost for these improvements are anticipated to be approximately \$108 million. The actual run times for each proposed implementation phase will vary slightly from the values listed in figure below because of potential changes in the number of station stops or other operational distractions.

Track Conditions	Travel Time (mins)
	Conventional Equipment
Existing Geometry	159
W/Phase One Improvements	146
W/Phase Two Improvements	130
W/Ideal Operating Geometry	97

The fourth option in the figure above involved a more in-depth analysis of the ODOT route between Oklahoma City and Tulsa. This option considered whether actual realignment of the rail on certain portions of the route could facilitate faster or higher levels of operation in the future. The “improved alignment” included the construction of approximately 37 miles of new track at various locations throughout the existing 119-mile alignment to reduce the number of curves and facilitate incrementally higher operating speeds as the route is further developed. The travel time calculated on the new alignment using conventional equipment was reduced to an estimated 2 hours and 3 minutes at a cost of \$110 million. The travel could be further reduced by an additional 10 minutes with the construction of a run-around track at the BNSF Cherokee Yard in Tulsa for an estimated cost of approximately \$10 million. A further reduction of six additional



minutes could be realized with the construction of a direction connection wye track on the Oklahoma City end of the route at an estimated cost of between \$5 and \$7 million. An additional travel time reduction of approximately 20 minutes could be realized on the new alignment if cab signaling was implemented to allow for speeds in excess of 79 MPH. The travel time could be reduced to approximately 1 hour and 45 minutes with the track improvements mentioned above using conventional equipment travel at 79 MPH or less for an estimated cost of approximately \$153 million. The travel time potentially possible with all of the above mentioned improvements including the implementation of cab signaling could be reduced to approximately one hour and 30 minutes.

The most reasonable and cost effective implementation of service between Tulsa and Oklahoma City would most likely involve incremental improvements designed to establish the service as early as possible and progressively improve the service to desired levels. An initial service between West Tulsa (Red Fork) and Oklahoma City with a travel time of 2 hours and 39 minutes could be implemented in a relatively short time frame with an infrastructure cost excluding any needed station improvements expected not to exceed \$12.5 Million. Additional equipment expenses would be required to implement the service, the cost of which would vary depending on the source of the service. The equipment costs would be expected to be approximately \$13 million if an operator who would provide the equipment were not identified and the actual purchase of the equipment were necessary to implement service. The initial service could be either a basic peak day or daily service with one train set providing one run in each direction per day of operation.

The most logical construction improvement phasing would most likely be to first implement the improvements on both ends of the route providing access to downtown Tulsa and a smoother transition to and from the Santa Fe Depot in Oklahoma City onto the OKC to Tulsa route. The enhanced access between the BNSF and the UP in downtown OKC has also been discussed as one of the best options for facilitating rail operations that will be eliminated or complicated by the construction of the I-40 Crosstown Expressway. Access to downtown Tulsa could be provided through the BNSF Cherokee Yard for up to four train movements per day under the current operating agreement, which was negotiated between ODOT and the railroad in conjunction with the purchase of the state owned line between Sapulpa and Oklahoma City. However, the construction of a run around track without the speed restrictions imposed by yard operations would reduce the travel time to downtown Tulsa by ten minutes and eliminate the present yard restrictions. For the purposes of this report, any station improvements are assumed to be coordinated at the local level, similar to the implementation activities on the Heartland Flyer service between OKC and Ft. Worth, Texas.



A separate stage of development would focus on the implementation of the communication improvements needed to ultimately facilitate maximum speed train operations utilizing either CTC or cab signal control technology. These improvements could be phased according to the amount of travel time reduction anticipated along the segment(s) selected for a particular phase of construction directed toward geometric improvements, in an attempt to maximum the overall travel time reduction as efficiently and quickly as possible. A commitment for the completion of the signal improvements proposed for the entire route would be needed in order to realize the full benefit of the proposed new alignment modifications. The phasing for the improvements may require some rearrangement if a solid commitment for the completion of all of the realignment improvements cannot be obtained. A summary of the travel times and anticipated cost associated with each phase of development on the Tulsa to Oklahoma City corridor is provided below.

Travel Time Comparisons for Tulsa to Oklahoma City

Travel Time Comparisons (minutes)						
	Const. Phase	Signal Phase	Est. Time (minutes)	Reduction (minutes)	Est. Cost (millions)	Total Cost (millions)
Tulsa to Oklahoma City ^			159		26	
Tulsa to Oklahoma City **	1		143	16	26	52
Tulsa to Oklahoma City ***	2	1A	130	13	56	108
Tulsa to Oklahoma City ****	3	1B	114	16	35	143
Tulsa to Oklahoma City *****		2	103	11	10	153

- ^ - Includes track resurfacing and control signal installation on BNSF to Perry, and one conventional train set.
- * - Includes initial track resurfacing and the purchase of one conventional train set.
- ** - Includes the completion of Construction Phase 1.
- *** - Includes the completion of Construction Phase 2 and Signal installation Phase 1A.
- **** - Includes the completion of Construction Phase 3 and Signal installation Phase 1B.
- ***** - Includes the purchase of two additional train sets and the implementation of Cab Signal Control.

Oklahoma High Speed Passenger Rail Feasibility Study

The potential for expanded passenger rail service in the State of Oklahoma indicates positive potential benefits for both short-term and longer-term expansion. A connection to the North or East with the national passenger rail network would provide additional mobility, potential for economic growth, and long-term air quality benefits to the citizens of Oklahoma.

The expansion of the Heartland Flyer service between Oklahoma City and Newton, Kansas to establish a connection to the national passenger system to the north would be extremely beneficial to the continued success and expansion of the present service. Another expansion option, recently discussed was the possibility



of rerouting the Southwest Chief through Perry, Enid and Amarillo, prior to rejoining the existing route in Albuquerque. This would allow the extension of the Heartland Flyer to be limited to the segment between Oklahoma City and Perry, which is in predominately good condition with high potential for fast and efficient passenger operations. The implementation of an expanded Heartland Flyer service to either Newton or Perry could be accomplished using the present equipment and without any additional equipment maintenance facilities. The initial rail infrastructure costs for extending the Heartland Flyer service to Newton excluding any station improvements is anticipated to be in the neighborhood of five million dollars with 2.9 million dollars of track-related improvement in the State of Oklahoma and 2.1 million dollars of track-related improvement in the State of Kansas. The anticipated rail infrastructure cost to extend the Heartland Flyer service to Perry is less than 1 million dollars. Extended service to the North in Oklahoma would provide connections with the Southwest Chief Service from Los Angeles to Chicago.

Longer-term goals for the expansion of the Heartland Flyer service include the extension of service through the foothills of southern Colorado to Denver. Expanding the Heartland Flyer service to Denver would require an additional train consist and maintenance services in Denver to facilitate train operations between Ft. Worth and Denver. The anticipated cost for expanding the Heartland Flyer service on up to Denver from Newton are estimated to be an additional 37 million dollars, 24 million of which would be needed in the State of Colorado, 1 million in the State of Kansas, and 12 million for the additional train set. The anticipated travel from Oklahoma City would be reduced from the present travel time by the Southwest Chief via bus connection by over 7 hours traveling from Denver and just under 3 hours traveling to Denver.

Other goals include the implementation of service between Tulsa and Oklahoma City to establish the nucleus for the development of adding passenger rail service between the two largest metropolitan areas in the State of Oklahoma. Establishing and developing a commuter service between Tulsa and Oklahoma City would foster the development of an additional connection to the national passenger rail system east of Oklahoma. From Tulsa, Kansas City appears to be the most desirable connection and could potentially be implemented on existing rail routes with only standard improvements. St. Louis is another possible connection point to the east that is more appealing to the State of Missouri;





however, the Tulsa to St. Louis connection would require more extensive improvements for the implementation of desirable service. The success of any eastern connection by rail from Tulsa would be highly dependent on the development of an acceptable travel time and connection between Oklahoma City and Tulsa.

High Speed Rail Initiative

A significant accomplishment of the original Oklahoma High Speed Passenger Rail Feasibility Study was the completion of a successful application for designation by the Federal Railroad Administration (FRA) and the U.S. Department of Transportation (DOT) as a High Speed Rail Corridor from Ft. Worth to Tulsa. The corridor from Ft. Worth to Tulsa via Oklahoma City was designated as a HSR rail corridor by the USDOT on October 11, 2000, as a result of the State of Oklahoma's rail planning efforts.

The primary route from Ft. Worth to Oklahoma City on the (BNSF) Red Rock Subdivision is presently being modified to increase operating speeds up to 79 MPH from Oklahoma City to the Red River which is expected to reduce the present travel time on the Heartland Flyer from Oklahoma City to Ft. Worth by approximately 35 minutes. Preliminary travel time projections indicate that the present total travel time of Four hours and 30 Minutes can be reduced to Three hours and 30 minutes with similar improvements in Texas, which would be extremely competitive with present automobile travel times under favorable conditions.

The Oklahoma City to Tulsa segment would be an extremely important component of passenger rail service throughout the designated South Central High Speed Rail Corridors because of the potential for an eastern connection linking the Midwest Regional Rail System to the designated South Central corridors. A recent study conducted by the Kansas Department of Transportation indicates that the Tulsa to Kansas City route has the second highest potential for successful high-speed rail operations in the State of Kansas just behind a proposed high-speed connection between Wichita and Kansas City. One significant challenge for the development of the Oklahoma City to Tulsa corridor will be to develop a service that would be faster or highly competitive with existing automobile travel times on the Turner Turnpike. In order to be competitive with existing travel time via automobile on the segment between Oklahoma City and Tulsa, passenger rail operations in excess of 90 MPH would be required, which prompted a more in depth High Speed route evaluation. The existing track infrastructure would require a significant amount of realignment and upgrade in order to be competitive with present automobile travel times on the Turner Turnpike. The existing ODOT route is also utilized for freight operations by the



Stillwater Central Railroad Company and preliminary investigations have been conducted to establish overnight intermodal transport operations between Tulsa and Oklahoma City, which would significantly increase freight traffic on the route.

The present automobile travel time from Oklahoma City to Tulsa via the Turner Turnpike is approximately 1 hour and 45 minutes from city center to city center under favorable conditions. Travel time forecasts for High Speed Rail indicate that rail service could be established that would facilitate a travel time of just over an hour between the two largest central business districts in the State of Oklahoma and just under an hour and a half between Will Rogers World and Tulsa International airports. This type of service would provide the connectivity needed to establish feasible through rail service from Tulsa to the north or east as well as provide the opportunity for more efficient daily employment commutes or business and/or recreational travel between or from Oklahoma City and Tulsa.

The High-Speed Rail studies helped Oklahoma qualify to receive funding for aerial mapping data collection. The Federal Railroad Administration (FRA), "FLI-Mapping" funds have only been provided on a few select designated HSR corridors in the nation and are presently one of the only sources of funding currently available for High-Speed Rail development. The FLI-Mapping information recently collected in Oklahoma will be crucial in the further enhancement of the existing service between Ft. Worth and Oklahoma City as well as establishing competitive service to Tulsa.

HSR Project Study Corridors

The proposed rail connection between Oklahoma City and Tulsa was developed using two primary corridors with various alternative options on either end of the core corridors for the final connections to Will Rogers World Airport in Oklahoma City and to Tulsa International Airport in Tulsa. All of the corridors proposed would facilitate an overall travel time between the central business districts of less than 70 minutes and an overall travel time between the airports of less than 90 minutes when operated at speeds up to 150 MPH where possible. The schedules shown below include provisions for a stop in Sapulpa for both route alternatives with Route 135 allowing for an additional stop near the Turner Turnpike entrance in Edmond. Several variations of these schedules were developed to be incorporated into the economic benefit analysis being conducted by the Oklahoma Transportation Center, including weekend and holiday operations.





Proposed OKC/Tulsa High Speed Schedules

Route 235

Weekday Schedule (during normal school year)

			Train #1	Train #3	Train #5	Train #7	Train #9
WR arpt	Depart		6:30 AM	9:30 AM	11:30 AM	6:00 PM	10:30 PM
OKC	Arrive		6:40 AM	9:40 AM	11:40 AM	6:10 PM	10:40 PM
Sapulpa	Arrive		7:31 AM	10:31 AM	12:31 AM	7:01 PM	11:31 PM
Tulsa	Arrive		7:46 AM	10:46 AM	12:46 AM	7:16 PM	11:46 PM
Tul Int.	Arrive		7:56 AM	10:56 AM	12:56 AM	7:26 PM	11:56 PM
			Train #2	Train #4	Train #6	Train #8	Train #10
Tul Int.	Depart		6:30 AM	9:30 AM	11:30 AM	6:00 PM	8:45 PM
Tulsa	Arrive		6:36 AM	9:36 AM	11:36 AM	6:06 PM	8:51 PM
Sapulpa	Arrive		6:51 AM	9:51 AM	11:51 AM	6:21 PM	9:06 PM
OKC	Arrive		7:42 AM	10:42 AM	12:42 PM	7:12 PM	9:57 PM
WR arpt	Arrive		7:56 AM	10:56 AM	12:56 PM	7:26 PM	10:11 PM

Heartland Flyer Connections

The corridors evaluated were defined based on existing land development, previous rail studies and the criteria previously established in the ODOT High Speed Passenger Rail Feasibility Study. Bolded departure times represent Heartland Flyer connections.

Weekday Summer Schedule

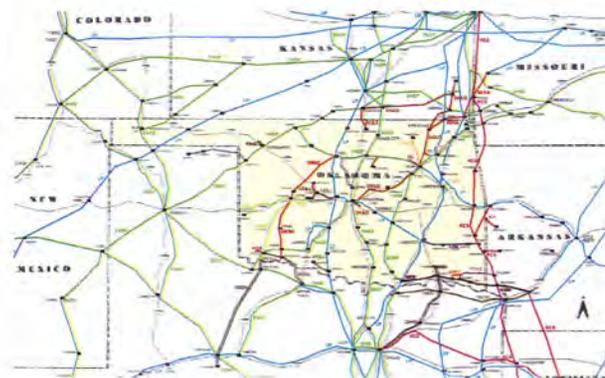
			Train #1	Train #3	Train #5	Train #7	Train #9
WR	Depart		6:50 AM	10:00 AM	4:00 PM	6:00 PM	10:40 PM
OKC	Arrive		7:00 AM	10:10 AM	4:10 PM	6:10 PM	10:50 PM
Edmond	Arrive		7:14 AM	10:24 AM	4:24 PM	6:24 PM	11:04 PM
Sapulpa	Arrive		7:54 AM	11:04 AM	5:04 PM	7:04 PM	11:44 PM
Tulsa	Arrive		8:09 AM	11:19 AM	5:19 PM	7:19 PM	11:59 PM
TI	Arrive		8:19 AM	11:29 AM	5:29 PM	7:29 PM	12:09 AM
			Train #2	Train #4	Train #6	Train #8	Train #10
TI	Depart		6:50 AM	10:00 AM	4:00 PM	6:00 PM	9:00 PM
Tulsa	Arrive		6:56 AM	10:06 AM	4:06 PM	6:06 PM	9:06 PM
Sapulpa	Arrive		7:11 AM	10:21 AM	4:21 PM	6:21 PM	9:21 PM
Edmond	Arrive		7:51 AM	11:01 AM	5:01 PM	7:01 PM	10:01 PM
OKC	Arrive		8:05 AM	11:15 AM	5:15 PM	7:15 PM	10:15 PM
WR	Arrive		8:19 AM	11:29 AM	5:29 PM	7:29 PM	10:29 PM



FUTURE OF THE PROGRAM

The objectives of the ODOT Rail Programs Division remain the continued support of safe and efficient rail operations throughout the State. Thanks to the foresight of past gubernatorial and legislative efforts rail freight transportation remains a vital component of the Oklahoma transportation network, providing alternative transportation to multiple industries throughout the State and helping to minimize the amount of damage to the highway infrastructure associated with freight movements via truck. The positive impacts of rail freight transportation versus conventional roadway freight transportation are commonly equated using calculations based on projections that the average rail freight car transports an amount of freight equivalent to four semi-truck loads. For every rail car transported on either public or private rail infrastructure approximately four semi-truck loads are diverted from the highway infrastructure for all or a portion of the trip. With the continued degradation of an aging highway infrastructure, other freight transportation alternatives are becoming increasingly important. Air quality is also becoming an increasingly important issue in the metropolitan areas of Oklahoma, as it has in many other major cities throughout the nation. While Oklahoma presently does not have any non-compliance areas with regard to air quality, our metropolitan areas have continued to inch closer to non-compliance each year. Freight Rail transport has a significantly positive impact on air quality by providing the more efficient movement of goods and services and a substantial reduction in the number of diesel trucks utilized to transport goods throughout the State.

With the continued evolution of the rail industry to more efficient operations the existing programs will require continued upgrade in order to facilitate the ever-changing railroad business environment. While many of the changes that may be necessary to sustain efficient operations can be more readily determined, responsible administrative policies are harder to identify prior to the implementation of actual changes in operating practices or policies, one of the primary goals of the Rail Programs Division will be to continue to maintain a presence in regional and national organizations for the compilation and dissemination of important industry related trends and information. One primary issue to be addressed over the next year will be the continued development of a rail rehabilitation loan program for the State of Oklahoma.





Administrative Changes

The 2002 Oklahoma State legislature adopted the "Railroad Rehabilitation Act" under Senate Bill 1534, which created a new section of law, codified as Section 309.3 of Title 66 (66 O.S. Supp. 2002, Sec. 309.3). This new section provides the authorization to ODOT for the development of railroad loan program that would make funding from the Railroad Revolving Maintenance Fund available to rail operators throughout the State for the rehabilitation of existing rail infrastructure. The application format has been approved and the applications have been distributed to potentially eligible operators throughout the State. The loans will be limited to a total of \$5 million annually and will be funded directly from the Railroad Maintenance Revolving Fund with the total amount of the loans limited to no more than 50% of the total amount of the RMRF at any point in time. The anticipated improvements resulting from the loan program include the continued improvement of the existing infrastructure to facilitate the heavier carloads prevalent throughout the rail industry. Modern operating trends have resulted in a significant number of two hundred and eighty-six thousand pound (286K) carloads being utilized in Class One and Class Three operations. To further complicate rail freight operations, modern trends have evolved into the increased use of rail cars capable of facilitating loads up to 315K. We anticipate that the majority of loans will be to short line operators, with most of the available funding utilized to upgrade existing routes to sufficiently facilitate increased loads.

Since the adoption of the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991, funding for local freight rail improvements has been limited to private and State funding sources. The provisions set forth in ISTEA eliminated the Local Rail Freight Assistance Program (LRFA) from which Oklahoma freight railroads were fortunate to obtain a substantial amount of funding, primarily because of the strong rail programs administered by ODOT. The loss of the LRFA significantly impacted long term maintenance and construction efforts implemented by Shortline operators throughout the State.

Oklahoma Short Line Operators





Administrative Challenges

The loan program initiated by the Railroad Rehabilitation Act requires the ODOT Rail Programs Division to develop a plan for the loan program that includes provisions for the development of the terms and the approval processes for the proposed loans, the development of any necessary rules or specific limitations for the use of the funds acquired through the loan processes, as well as the mechanisms by which the loans will be distributed. One of the significant challenges associated with this new program will be the fair and equal distribution of the loans, and the development of sufficient guidelines for administering the program. Guidelines will be required to assess recipient qualifications, develop the distribution methods, develop methods for monitoring the progress of the associated improvements, and to develop methods for ensuring the timely reimbursement of any loaned funds. While a few other States have developed this type of program, the unique operating arrangements utilized on State-owned properties in the State of Oklahoma will demand careful consideration during the adoption of any guidelines or policies developed to administer the loans. An emergency Transportation Commission Rule (Title 730, Sec. 40, Chapter 3) has been filed with the Secretary of State through the Office of Administrative Rules, which has allowed the loan program to be initiated. The emergency rule extends through July 2003 and the paperwork to file a permanent rule for the loan program is on schedule to be finalized by the end of April 2003.



