

**REPORT TO THE TRANSPORTATION LEGISLATION REVIEW
COMMITTEE ON RAIL ABANDONMENTS
AND THE POTENTIAL FOR RAIL LINE ACQUISITIONS**

**PREPARED BY
THE COLORADO DEPARTMENT OF TRANSPORTATION**



October 2017

Table of Contents

Introduction	2
Part I: Background.....	3
(A) Rail System in Colorado	3
(B) Colorado Legislative Actions	5
1997 SB 37 / CRS 43-1-13-3 CDOT Report to Legislature	5
1998 HB-93-1395 State of Colorado Towner Line Purchase.....	5
2009 SB 09-94 / CRS 43-1-117.5 Creation of the CDOT Division of Transit and Rail	6
2009 SB 09-108 / CRS 43-4-811 FASTER & Funding for Transit & Rail.....	6
2014 HB 14-1161 / CRS 43-4-1001 Southwest Chief Commission.....	6
2017 SB 17-153 / CRS 43-4-1001 Southwest Chief & Front Range Passenger Rail Commission	7
(C) Past Transportation Commission Actions.....	8
Part II: Abandonment Activity.....	12
Towner Line.....	12
UP Burnham Yard.....	13
Other Potential Rail Line Abandonments to Watch.....	15
Part III: Recommendations	17

Introduction

The purpose of this report is to provide the Transportation Legislation Review Committee (TLRC) with the Colorado Department of Transportation's (CDOT) report on rail abandonments and recommendations relative to possible rail line acquisitions. This is the 20th report submitted by the Executive Director of the Department to the TLRC on rail abandonment pursuant to 43-1-1303 (3) C.R.S.

During the course of the past year, there has been some new action and/or developments pertaining to rail abandonments or rail line acquisitions within Colorado. Based on CDOT's letter, as one of many letters of support to the Surface Transportation Board (STB), the STB ruled in favor of KVCN to maintain the rail line for operational use, and required a forced sale by Victoria & Southern (V&S) to KVCN. At present, Victoria & Southern Railway and KVCN are in arbitration over the sale of the line.

The Burnham Yard in central Denver is considered to be at high risk of abandonment or sale at the current time. The Southwest Chief & Front Range Rail Commission is due to make their recommendations to the State Legislature in December 2017 for an overall Front Range passenger rail strategy. The recommendation is to closely monitor and also consider the Rail Commission's position on this matter.

Many of the general rail planning activities, which have appeared in prior reports, have been omitted from this report. The 2018-2021 State Freight & Passenger Rail Plan will be published in early 2018 and will contain details on those activities.

Part I provides **Background Information** on past and ongoing activities.

Part II describes **Abandonment Activities** which have been undertaken over the past year.

Part III lists the **Recommendations** of the Department.

Part I: Background

(A) Rail System in Colorado

The Colorado rail system currently includes both a freight rail network and a limited passenger rail network. The role of the railroads and rail transportation in the state is to provide efficient transportation choices for the movement of goods and people while connecting effectively to the other transportation modes. The rail system in the state is an interconnected component of much larger regional, national and global multimodal transportation systems and economies.

Currently 14 privately owned freight railroads operate in Colorado. These railroads own more than 2,800 miles of track in the state and currently operate on 2,684 miles of those tracks. This represents about 1.9 percent of the nation's 140,000 miles of network track. The extent of this network is also reflected in the fact that 48 of Colorado's 64 counties are directly served by the freight rail network. There are two Class I railroads in Colorado, BNSF Railway and Union Pacific (UP). Combined they operate over 80 percent of the freight track miles and carry the majority of rail freight in the state.

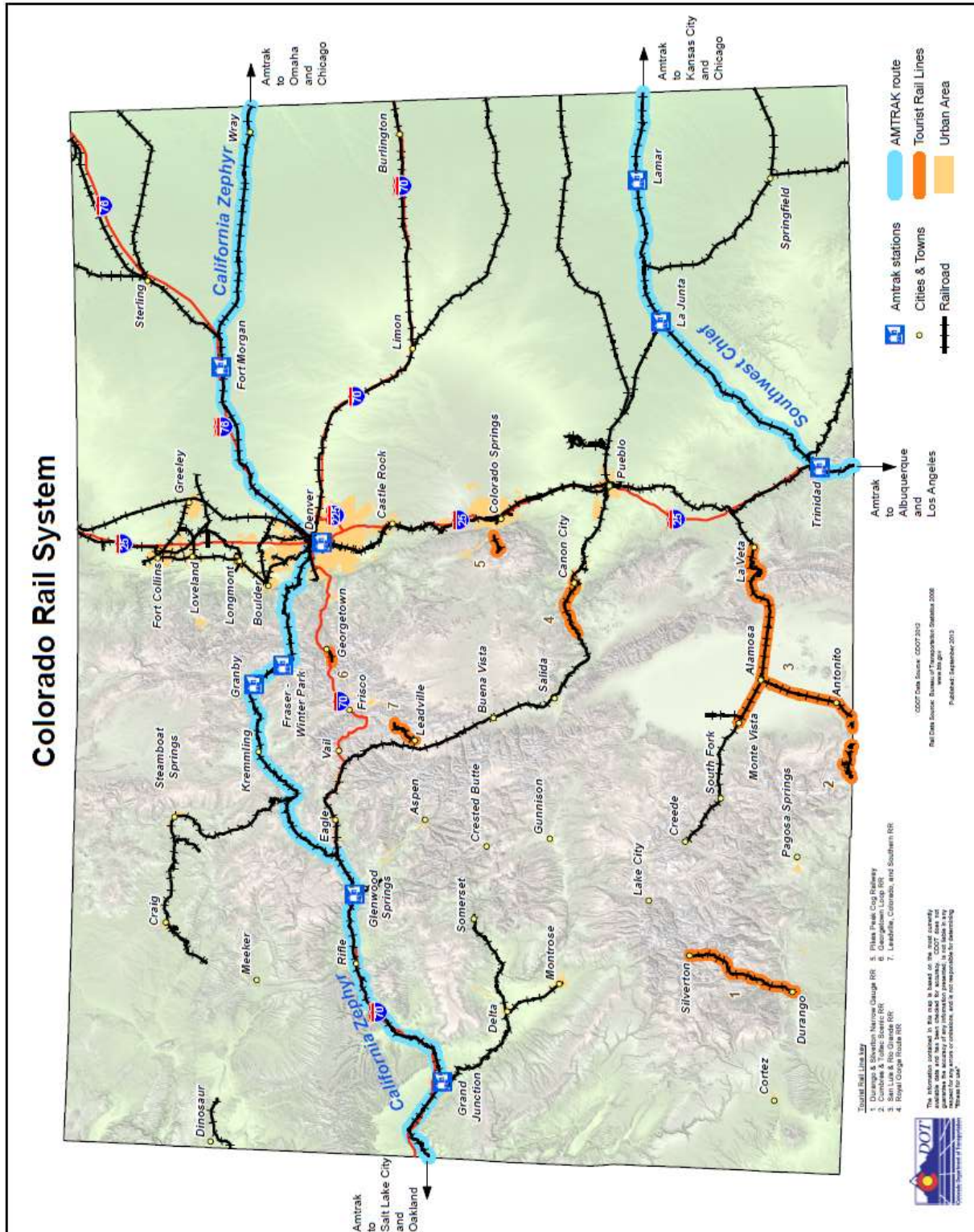
In addition, there are 12 short line railroads in Colorado comprising 20 percent of freight track miles in the state. They primarily provide localized service with connections to the Class I railroads. They principally serve the agricultural industry as well as the oil & gas industry and are very valuable assets to both local and statewide economies.

Colorado has eight tourist railroad lines which showcase Colorado's history and offer trips through Colorado's scenic outdoors. These scenic & tourist lines are located in Cripple Creek/Victor, Durango/Silverton, Georgetown, Leadville, Manitou Springs/Colorado Springs, Cañon City, and two near Alamosa.

The passenger rail system in Colorado is presently very limited. Outside of the Regional Transportation District's (RTD) light rail and commuter rail lines in the Denver metro area, passenger rail service is provided by Amtrak with two routes that pass through the state. The Amtrak routes use existing freight tracks and rely on freight railroad infrastructure to be maintained and/or upgraded for efficient service. These two routes are:

- The California Zephyr which runs daily between Chicago and San Francisco. Colorado stops include: Fort Morgan, Denver, Fraser/Winter Park, Granby, Glenwood Springs and Grand Junction. Much of this service operates over Union Pacific track.
- The Southwest Chief runs daily between Chicago and Los Angeles. Colorado stops include: Lamar, La Junta and Trinidad. Much of this service operates over BNSF Railway track.

Colorado previously had two additional Amtrak routes that were discontinued in 1997 due to reductions in federal funds. These two trains were the Pioneer, operating between Denver and Seattle and the Desert Wind, operating between Denver and Los Angeles by way of Salt Lake City and Las Vegas.



(B) Colorado Legislative Actions

1997 SB 37 / CRS 43-1-13-3 CDOT Report to Legislature

In 1997, the General Assembly enacted Senate Bill (SB) 37, concerning the disposition of abandoned freight and passenger railroad rights-of-way in Colorado. According to this legislation and resulting state statute (CRS Title 43, Part 13 – Acquisition of Abandoned Railroad Rights-of-Way, 43-1-1303 rev. 2013), an existing rail line, railroad right-of-way or an abandoned railroad right-of-way is eligible for acquisition by the Department, if the Executive Director determines it serves one or more of the following purposes:

- (1) Preservation of the rail line for freight or passenger service;
- (2) Maintenance of a rail corridor for future transportation purposes or interim recreational purposes;
- (3) Access to surrounding state manufacturing facilities, agricultural areas or other locales that may be adversely affected by the loss of rail service or loss of railroad corridor; or
- (4) Any public use of the rail line or railroad right-of-way that is compatible with the future use as a railroad or other transportation system.

The legislation also requires the Colorado Transportation Commission to review any property determined to be eligible for acquisition and approve the acquisition before the Executive Director submits the prioritized list of rail lines or rights-of-way to be acquired to the Transportation Legislation Review Committee (TLRC) (43-1-1303)(2)). Policy Directive 1607, and the State Freight & Passenger Rail Plan, both described further below, are CDOT Commission and staff-level implementation of the SB 37 legislation.

43-1-1308 C.R.S., states that “the members of the TLRC shall make a written report setting forth its recommendations, findings, and comments as to each recommendation for the acquisition of railroad rights-of-way and their uses and submit the report to the General Assembly.”

43-1-1301(3) C.R.S., stipulates that the “Executive Director shall submit a prioritized list with recommendations to the TLRC concerning the railroad rights-of-way or rail lines to be acquired by the state and their proposed use.”

1998 HB-93-1395 State of Colorado Towner Line Purchase

During the 1998 Legislative Session, HB-98-1395 was passed by the Legislature and signed by the Governor. That bill allocated \$10.4 million to the State Rail Bank Fund to purchase the NA Towner rail line from Union Pacific (UP) Railroad to subsequently lease or sell the line to a short line operator. The line was purchased from the UP in July 1998 and subsequently advertised for sale. Since that time the State has leased the line to short line operators. In October of 2011 the lease/purchase agreement with Victoria & Southern (V&S) was finalized, and ownership

was transferred to V&S. Ownership is changing from V&S to a new company, KCVN, in 2017. (See Section II below for more on this line.)

2009 SB 09-94 / CRS 43-1-117.5 Creation of the CDOT Division of Transit and Rail

In 2009, legislation created the Division of Transit and Rail (DTR). The legislation gives DTR the responsibility for planning, development, operation, and integration of transit and rail into the statewide transportation system. In addition, the legislation requires the Division, in coordination with transit and rail providers, to plan, promote and implement investments in transit and rail services statewide. Furthermore, the Division has specific duties to promote, plan, design, build, finance, operate, maintain and contract for transit services, including, but not limited to, bus, passenger rail, and advanced guideway system services.

In addition, the legislation created a Transit and Rail Advisory Committee (TRAC) to advise the Transportation Commission and the Executive Director regarding the initial focus of the division and to recommend a long-term advisory structure, including the advisory structure's Division's purpose and role, in support of the transit and rail-related functions of the department. A permanent advisory structure has since been created. The full TRAC meets quarterly with many sub-committee meetings between them.

2009 SB 09-108 / CRS 43-4-811 FASTER & Funding for Transit & Rail

The Funding Advancement for Surface Transportation and Economic Recovery (FASTER) bill of 2009 created new vehicle registration & license revenues, allocated to three funds: FASTER Safety, FASTER Bridge Enterprise, and FASTER Transit. A total of \$15 Million in annual revenues were allocated for transit and rail purposes. The first five million dollars (\$5 M) were created by reducing the highway users tax fund (HUTF) allocations to counties and municipalities (\$2.5 M each) to provide grants to local governments for local transit projects with the limitation that no funds can be used for the *condemnation* of land for the purpose of relocating a rail corridor or rail line. The FASTER bill also altered the use of the share of HUTF allocated to the state, as described in 43-4-206, requiring \$10 Million per year of the state share to be used for transit related projects.

2014 HB 14-1161 / CRS 43-4-1001 Southwest Chief Commission

In May 2014, House Bill 1161 created The Southwest Chief Rail Line Economic Development, Rural Tourism, and Infrastructure Repair and Maintenance Commission and established it in the Colorado Department of Transportation. This Commission expired June 30, 2017 and was replaced. This version of the commission consisted of the following five voting members appointed by the governor as follows:

1. One representative of the tourist industry in Colorado;
2. One member who is a public rail transportation advocate;
3. One representative of the freight rail industry;

4. One resident of Las Animas, Otero, or Prowers County who has publicly advocated for public rail; and
 5. One resident of Pueblo or Huerfano County who has publicly advocated for public rail.
- In addition to the five voting members of the board, the board includes the following two appointed advisors, to attend board meetings and advise the board as non-voting members:

1. An employee of the department of transportation, appointed by the executive director of the department; and
2. An employee of Amtrak, appointed by the president of Amtrak.

The mission of the Southwest Chief Commission was to coordinate and oversee efforts by the state and local governments and cooperate with the states of Kansas and New Mexico, Amtrak, and the Burlington Northern and Santa Fe railway to ensure continuation of existing Amtrak Southwest Chief rail line service in the state, expansion of such service to include a stop in Pueblo, and exploration of the benefits of adding an additional stop in Walsenburg. The governor made the individual appointments before the September 1, 2014 deadline, and the Southwest Chief Commission began meetings in September 2014. The Commission has held ongoing, regularly-scheduled quarterly meetings since, with supplemental meetings as necessary. The Southwest Chief Commission expired on June 30, 2017 and was replaced by a new version of the Commission noted below.

2017 SB 17-153 / CRS 43-4-1001 Southwest Chief & Front Range Passenger Rail Commission

On May 22, 2017, Governor Hickenlooper signed into law, this replacement and expansion of the former Southwest Chief Commission. In addition to CRS 43-4-1001, the bill amended sections of law pertaining to the relationship of this Commission with CDOT. See 24-1-128.7 8(a) and 8(b).

The original five voting members are still appointed by the governor (see 1-5) and six additional voting members are added (see 6-11), appointed by their organizations. Two non-voting members are retained (see 12-13).

1. Public rail transportation advocate
2. Public rail transportation advocate [more general description replaced one previously targeting tourism representative]
3. Representative of Class I Freight Railroads (i.e. BNSF Railway)
4. Representative of Class I Freight Railroads (i.e. Union Pacific Railroad)
5. Resident of Huerfano, Las Animas, Otero, Prowers, or Pueblo County
6. Representative of North Front Range Metropolitan Planning Organization (NFRMPO)
7. Representative of Denver Regional Council of Governments (DRCOG)
8. Representative of Pikes Peak Area Council of Governments (PPACG)
9. Representative of Pueblo Area Council of Governments (PACOG)
10. Representative of South Central Council of Governments (SCCOG)
11. Representative of the Regional Transportation District (RTD)
12. Representative of Amtrak (non-voting)
13. Representative of Colorado Department of Transportation (CDOT) (non-voting)

This Commission has a two-part responsibility:

1. Assume and complete the mission of the Southwest Chief Rail Line Economic Development, Rural Tourism, and Infrastructure Repair & Maintenance Commission, as it existed prior to July 1, 2017, by continuing to coordinate and oversee efforts by the State and local governments and cooperate with the states of Kansas and New Mexico, Amtrak, and the BNSF Railway to ensure that the track repairs and upgrades required for the continuation of existing Southwest Chief Rail Service in Colorado are completed, that such service is extended to Pueblo, and that benefits of extending such service to Walsenburg are fully explored; AND
2. Facilitate the future of Front Range Passenger Rail and, in so doing, to specifically develop draft legislation to facilitate the development of a Front Range passenger rail system that provides passenger rail service in and along the Interstate 25 corridor and that is a well-integrated component of a modern, efficient, and cost-effective multimodal transportation system

The 2017 legislation cleaned up several provisions that now allow money in the “fund” to roll-over from year to year, and also allow operating expenses, rather than only administrative and staffing expenses.

In regards to the first responsibility, there are still 48 miles of track in need of replacement in order to complete the project and the members of the Commission have discussed applying for a TIGER IX grant in 2017, with Colfax County NM as the applicant.

In regards to the second responsibility, the Commission is in the process of reviewing past work (many studies by multiple agencies), considering opportunities, and defining the characteristics of service which would make Front Range passenger rail successful. This includes work looking at how Amtrak works with other states to deliver “State Supported Rail Service,” as well as looking at all the current legal structures of Colorado law to carry out these duties.

(C) Past Transportation Commission Actions

The Transportation Commission believes that certain significant rail corridors represent an irreplaceable state transportation resource and that it is critical to preserve them. That is because once they are lost; the cost of recreating equivalent corridors in the future will be prohibitive.

In June 2000 the Colorado Transportation Commission first approved a **Rail Corridor Preservation Policy, also known as Policy Directive 1607**. The policy directive was updated, with approval by the CDOT Transportation Commission in August 2014. The updated policy directive states the following reasons why rail transportation is important to Colorado:

1. Preserving rail corridors for future passenger and/or freight rail use where the state can avoid the purchase of an equivalent corridor in the future.
2. Passenger and/or freight rail transportation may be needed in certain corridors to supplement the highway system and to provide adequate mobility, market access and travel capacity.
3. Passenger and/or freight rail transportation can be demonstrated to be a cost-effective and/or environmentally preferable mode of transportation of significance to communities.
4. Preserving and/or enhancing existing freight rail service to reduce the state highway maintenance costs, and to avoid the transportation of displaced rail freight which may increase deterioration of the state highway system.

The Rail Corridor Preservation Policy established the following criteria to be used to identify state significant rail corridors:

1. Existing or potential future demand for passenger/freight rail services.
 - a) Corridor significance can be presumed in the corridor if it is recommended in an adopted alternative analysis/feasibility study, planning & environmental linkage (PEL) study or similar study.
 - b) Corridor significance can be presumed if the rail corridor is within, adjacent or parallel to a transportation corridor identified in the Statewide Long Range Transportation Plan as needing significant capacity improvements.
 - c) Designation of a corridor for freight rail purposes should only be considered when freight rail is necessary for the economic health of a community, area or region. This is determined based on the following factors:
 - (1) When there are no other reasonable modes of transport that can economically serve the needs of the community; or
 - (2) When abandonment of freight service in a corridor significantly impacts a parallel state facility.
 - d) If the rail corridor has present/future use as a significant statewide or national freight corridor.

2. Local and regional support for corridor preservation.

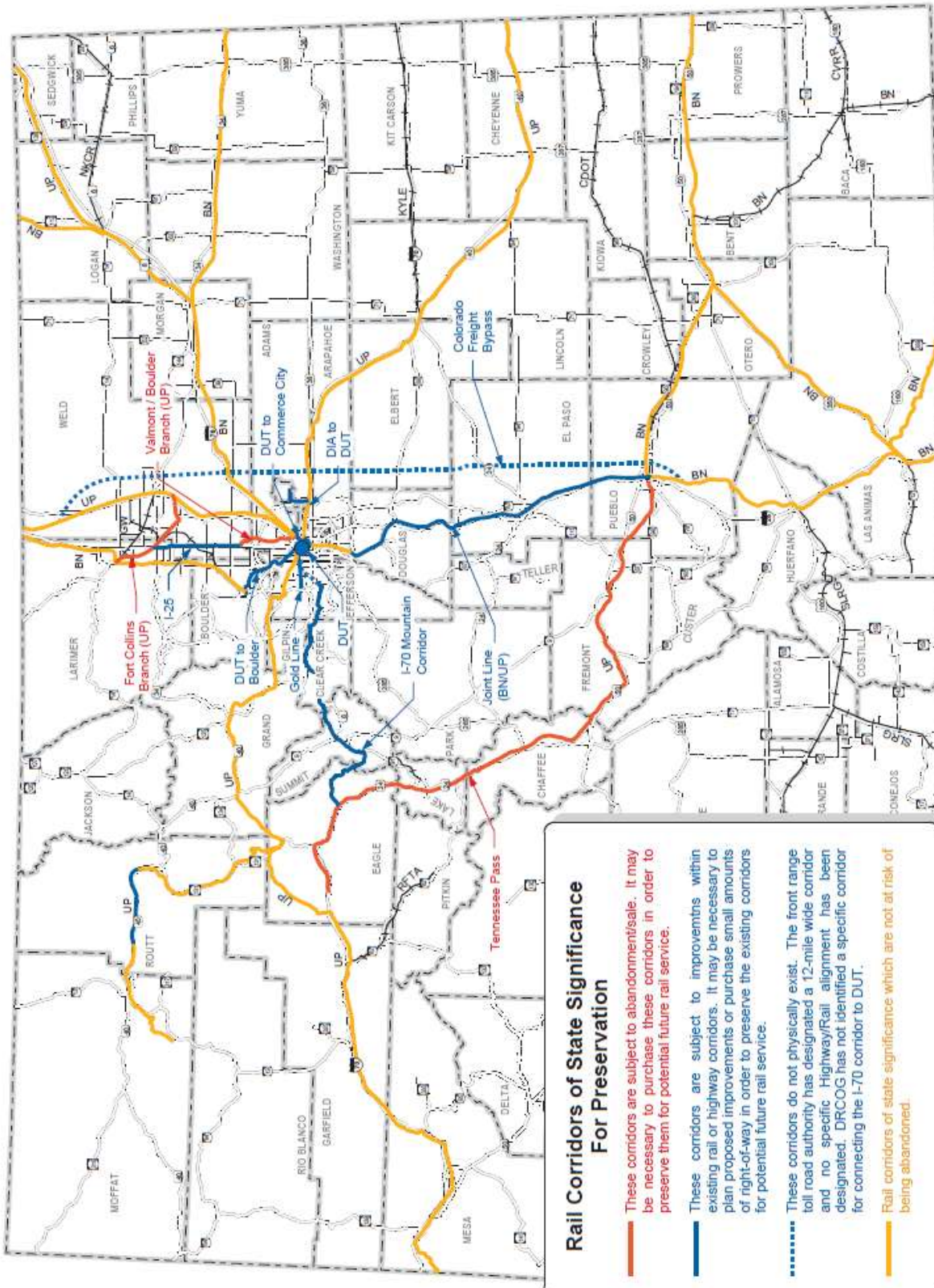
- a) Public support may be measured in terms of adopted land use plans supportive of rail transit or freight rail, local transportation investments and/or financial commitments.
- b) Private support may be measured in terms of committed resources, personnel or other economic development strategies.

In order to facilitate a more comprehensive examination of which rail corridors are of interest to the State, the Transportation Commission directed CDOT staff to identify State Significant Rail Corridors. In November 2000, CDOT prepared a list of **State Significant Rail Corridors**, which were adopted by the Transportation Commission as part of the Statewide Transportation Plan. The criteria used to identify these State Significant Rail Corridors included existing and potential future demand for passenger and freight services and local/regional support for the preservation of the corridor. The 2003 version of that map is displayed on page 9.

In March 2012, the Transportation Commission approved the Colorado State Freight and Passenger Rail Plan. The Plan serves as a framework for future freight and passenger rail planning in Colorado. In October 2012, the Federal Railroad Administration approved the plan, maintaining Colorado's eligibility for federal funding of passenger rail investments. The Plan was integrated into the Statewide Transportation Plan.

In June 2012, the Executive Director declared the Eastern/Freight Bypass "inactive." This decision was based on input from both eastern Colorado property owners worried about indefinite plans for the bypass creating a cloud over property values, and input from the freight railroads that their investment strategy had changed, favoring mobile capacity (rolling stock) to fixed capacity (rail).

The updated State Freight & Passenger Rail Plan is expected to be published in early 2018, covering the period 2018 – 2021. It will contain the most recent information concerning the forecast growth of freight and passenger rail operations. It will include an updated short-term (4 year) investment plan, and a long term (20-year) investment vision.



Rail Corridors of State Significance For Preservation

- These corridors are subject to abandonment/sale. It may be necessary to purchase these corridors in order to preserve them for potential future rail service.
- These corridors are subject to improvements within existing rail or highway corridors. It may be necessary to plan proposed improvements or purchase small amounts of right-of-way in order to preserve the existing corridors for potential future rail service.
- ⋯ These corridors do not physically exist. The front range toll road authority has designated a 12-mile wide corridor and no specific Highway/Rail alignment has been designated. DRCOG has not identified a specific corridor for connecting the I-70 corridor to DUT.
- Rail corridors of state significance which are not at risk of being abandoned.

Published: November 2004
 Data Source: COOT, 2003
 Rail Corridors of State Significance Map.mxd

Created By: Colorado Department of Transportation
 Division of Transportation Development - GIS Section

Part II: Abandonment Activity

Towner Line

During the 1998 Legislative Session, HB-98-1395 was passed by the Legislature and signed by Governor Romer, allocating \$10.4 million to the State Rail Bank to purchase the Towner Rail Line, which runs from NA Junction to Towner, from the UP and to subsequently lease or sell the line to a short line operator. The line was purchased from the UP in July 1998 and subsequently advertised for sale. In March 2000, CDOT leased the Towner Line to the Colorado Kansas and Pacific Railway Company (CKP) for five years with an option to buy. CKP operated rail service on the line from April 2000 until June 2004.

In 2005 CDOT signed a lease-purchase agreement with Victoria & Southern Railway (V&S). Details of the purchase agreement specify that V&S Railway would operate the line for six years in adherence with State and Federal regulations. The lease specifies that CDOT has the first right to repurchase should V&S Railway be unwilling or unable to continue to operate the line post-purchase agreement.

In January 2006, the V&S (operating as VST) began rehabilitation and improvements of the Line which included: track repair, track replacement, repair of active crossing equipment, and returning the track to Class II operating standards (25 mph max operating speed). The first train returning the Line to moving grain was conducted in September 2006. In April 2008, the Line experienced the loss of two bridges and roadbed damage due to fires in the Ordway area. VST repaired the Line, and was able to provide full service. The two locomotives used on the line were moved to Mississippi for other V&S operations. V&S has a standing agreement with WATCO, an independent rail operator, to transport freight along the line when required under the VST name.

V&S exercised its right to purchase the line on October 4, 2011. On this date, V&S presented CDOT with certified funds of \$9,356,000. This money was deposited into the State Rail Bank. These funds were transferred by the legislature into the general fund.

On December 1, 2011, CDOT received formal notice of intent from the Victoria and Southern Railway to abandon 79.5 miles of the Towner Line, from N.A. Junction to Eads, Colorado. As required by 43-1 Part 13, CDOT notified the legislature of the availability of the line. The legislature chose not to exercise the State's right of first refusal.

In December 2012, V&S notified CDOT of its intent to abandon the remaining 39.5 miles of the line from Eads, Colorado to Towner, Colorado.

On May 14, 2014 V&S filed a notice of Exemption Abandonment with the STB to abandon the remaining 39.5 miles from Eads to Towner, Colorado. The STB rejected the petition on June 17, 2014 "because this transaction requires further scrutiny," based on filings made by interested parties claiming V&S has failed to meet all required legal requirements.

On July 28, 2014 KCVN LLC notified V&S, CDOT, and others of an offer to purchase the Towner Line from V&S for \$10.0 Million cash, and transferred \$1.0 Million in earnest money to V&S for that purpose. KCVN intended to have a third-party perform an inspection of the track and property as a condition of purchase.

In mid-August 2014, V&S began removal of track between NA Junction and Haswell. V&S asserted the 2012 discontinuance of service entitled V&S the legal right to remove track. KCVN challenged that assertion. The case between the two companies went before an Administrative Law Judge with the Surface Transportation Board. On June 2, 2016, CDOT submitted a letter of support to the Surface Transportation Board in support of KCVN's proposed acquisition of the line. CDOT's support is reflective only of the merits of maintaining the line for transportation options and not on specific issues being debated before the Surface Transportation Board.

On July 31, 2017, the Surface Transportation Board issued a decision ordering the sale of the line from V&S to KCVN. The parties chose to participate in Board-sponsored arbitration to determine the net liquidation value of the line. As of the date of this report, arbitration is still proceeding.

CDOT will also continue to monitor the related roadway underpass of US 287 with the V&S rail line in the town of Eads, Colorado. This is a location where over-sized trucks cannot now travel, and must instead travel on the town's Main Street. Improvement to this underpass would allow oversize trucks to pass Eads via US 287, and reduce the need for current traffic enforcement activities.

UP Burnham Yard

In November 2015, Union Pacific (UP) made the decision to close the Burnham Shop repair yard in central Denver due to a decline in coal shipments and a desire to consolidate maintenance activities. Calli B. Hite, UP spokeswoman was quoted saying the railroad plans to prepare the 70-acre locomotive repair yard, located east of Interstate 25 between West Sixth and West Eighth avenues, for sale. There are about two dozen buildings on the site, which is zoned for industrial uses. The site is approximately 4,700 feet long on the longest side by 800 feet wide at the widest point.

The most important CDOT facilities in the vicinity are Colfax (US 40 Business) to the north, I-25 to the west, Santa Fe / Kalamath to the southeast (south of I-25 it is US 85), and 6th Avenue to the southwest (US 6 begins at I-25 and continues west). CDOT's interest relates to I-25 between Alameda and 6th Avenue, which is constrained by the South Platte River on one side, and the Consolidated Main Line (CML) on the other. Should CDOT need to expand I-25 in this section, the Burnham Yard could be used to relocate the CML or relocate industrial businesses nearby.

The relevance to CDOT's public sector partners of this site are as follows:

- For RTD, it is of importance to the ability of RTD to expand light rail operations. To expand service for both central downtown and Denver Union Station destinations, RTD needs quadruple tracks in this area. RTD would not need the entire Burnham Yard site,

but would benefit from a 40 to 60-foot right-of-way purchase west of, and along the existing light rail and Mariposa facility site.

- For intercity / Front Range commuter rail purposes, a 40 to 60-foot right of way purchase west of, and along existing RTD light rail and Mariposa facilities would be required for safety separation from through-freight trains. This would be in addition to the RTD need. CDOT’s Interregional Connectivity Study (ICS), the high speed rail study, makes note of this.
- For intercity / Front Range commuter or high speed rail purposes the whole site could potentially be acquired as the maintenance and storage facility for trains overnight.
- It is also of importance to possibly relieving freight train stoppages through the commercial & residential properties in Lower Downtown Denver. Freight rail shipments “stage” or hold trains in or near downtown to sequence the movements of trains south of Denver, over Monument Pass / Palmer Divide.
- Finally, the currently-adopted State Freight & Passenger Rail Plan (2012) for CDOT makes note of the desire of multiple cities and counties, and their adjacent residents’ interests to see relocation of freight rail service out of urbanized areas, and specifically, to address grade crossing changes (grade separations) at nearby Alameda / Santa Fe-Kalamath. Sixth Avenue (6th Ave) east of I-25 and Santa Fe-Kalamath north of I-25 are owned & maintained by the City of Denver.



Source: underlay aerial photo by Google, overlay colors by CDOT.

Next Steps

- The Southwest Chief & Front Range Passenger Rail Commission is expected to provide draft recommendations to CDOT at the November 2017 Transportation Commission Meeting, in advance of the final report to the State Legislature in December 2017.
- CDOT will contact Union Pacific regarding abandonment and sale schedule expectations.
- The State Legislature will be notified if further action is needed before the next annual report on abandonments (before September 2018).

Other Potential Rail Line Abandonments to Watch

When a rail line is not economically viable to operate, the result is often either (1) the sale of the line, usually from the two Class I national railroads (UP and/or BNSF Railway (BNSF), to small, regional railroad companies; or, (2) a formal request for abandonment to the federal Surface Transportation Board (STB) by the owner of the rail line. Rather than abandon a line, a larger railroad company will usually solicit bidders for the purchase of the line by a short line operator or regional railroad in an effort to maintain rail service along the line. These smaller railroad companies usually have lower operating costs and do not need the same volume of business on the line as the larger railroads to be profitable.

The ability to respond quickly to a potential abandonment can be an important factor in ensuring corridor preservation: once a Request to Abandon has been formally filed with the STB, abandonment can take place in as little as 90 days.

The issue of rail lines being abandoned is of statewide importance due to the impact these abandonments may have on the remainder of the transportation system. As lines are lost, the freight that was being moved by rail must then be moved by truck, causing additional deterioration (i.e. pavement surface condition and/or traffic volumes) of the local roadways and/or state highways. In addition, some businesses cannot survive without access to a rail line, thereby causing these businesses to either relocate to another area in the state or to move out of state. Also, once a railroad corridor is abandoned, it is unlikely it will be returned to rail service or be available for any transportation purpose, especially if the rail tracks are salvaged and the Right-of Way (ROW) is sold or reverts to adjoining property owners.

The Department will continue to monitor short line railroads in the State to ascertain their current financial status and to examine the prospects for their continued survival because they continue to be an important part of Colorado's future.

There are two lines that continue to be considered of Statewide Significance: the Tennessee Pass Line and the Fort Collins Branch Line. A third line, the Raton Pass Line, was previously in this category, however, due to recent efforts by the Southwest Chief Commission and USDOT TIGER grants, the line is no longer considered at-risk (see pages 21-22 for details). Below are descriptions of the other two lines which CDOT will continue to monitor for the foreseeable future:

❑ **Tennessee Pass Line (UP)**

The Tennessee Pass line runs 178 miles from near Gypsum, through Eagle, Edwards, Avon, and Minturn, under Tennessee Pass (by tunnel) and along the Arkansas River via Leadville, Buena Vista, Salida, and Cañon City to Pueblo. The Tennessee Pass line has been identified as significant to CDOT because of its potential to carry both passengers and freight, and because it is the only existing trans-mountain alternative in Colorado to the Moffat Tunnel line, which often runs near capacity. The Tennessee Pass Line may be able to be used as an alternate route as trans-mountain rail demand grows due to increased development on the Western Slope or if the Moffat Tunnel were damaged or closed for any reason. Such an event would have a significant impact on Colorado, particularly on the Western Slope, since the railroads would be forced to move freight through Wyoming. The Royal Gorge Route Railroad currently offers scenic, tourist rail trips on 12 miles of the Tennessee Pass Line west of Cañon City. No freight has been shipped across the full Tennessee Pass Line since 1996, but in relatively recent (2011) conversations with the UP, there was no indication that UP would abandon this line in the near future. There have been no changes since.

❑ **Fort Collins Branch Line (UP)**

The Fort Collins Branch line is a line that runs southeast from Fort Collins to Milliken and Dent, then east to La Salle. It is identified as a Rail Corridor of State Significance since it connects Greeley and Fort Collins to the North I-25 corridor, and was identified as part of the preferred alternative in the North Front Range Transportation Alternatives Feasibility Study (NFRTAFS, March 2000). This line does not appear to be at risk of abandonment at this time. However, it should be noted this branch line was not included in the Preferred Alternative of the North I-25 Environmental Impact Statement (December 2011). The North I-25 EIS does, though, recommend a new commuter rail line connecting the commuter rail line in Longmont and the north end of the RTD FasTracks North Metro Line. CDOT will continue to monitor activities on this rail line but it will not be considered a potential line for acquisition until such time as conditions may warrant.

Part III: Recommendations

There are no major rail lines in Colorado which have been abandoned in the past year that impact the state's transportation system, even though the Towner Line has been controversial for Colorado communities on the Eastern Plains.

The Department is recommending the following actions as noted below:

Maintenance Recommendations

The Southwest Chief Commission should pursue additional funding (e.g., TIGER grants) to finance necessary repairs on the Raton Pass Line. It is estimated that the line will require further investment of \$41 million on 48 miles of track within the next 5 years in order to maintain adequate track quality, sufficient speeds, and continued operational reliability.

Abandonment/Acquisition Recommendations

The Burnham Yard in central Denver is considered to be at high risk of abandonment or sale at the current time. The Southwest Chief & Front Range Rail Commission is due to make their recommendations to the State Legislature in December 2017 for an overall Front Range passenger rail strategy. *The recommendation is to closely monitor this property and to also consider the Rail Commission's position on this matter.*

In addition the Department of Transportation is recommending continued monitoring of activities on the Tennessee Pass and the Fort Collins Branch Lines. While there is no indication that the UP will abandon these lines in the near future, the Tennessee Pass Line has not been used for freight movements in over 15 years. *If either of these lines is abandoned the state should consider purchasing them to preserve them for freight and/or passenger service in the future.*

