



CIMARRON VALLEY RAILROAD  
P.O. Box 249 • U.S. HIGHWAY 56 ♦ SATANTA, KS 67870 ♦ TELEPHONE (620) 649-3280

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October 4, 2018

Legislative Transportation Vision Task Force  
Newton, KS

Good Afternoon, my name is Brett Wallace and I am General Manager of the Cimarron Valley Railroad (CVR). I greatly appreciate the opportunity to talk to you today about our railroad and its role in Kansas transportation. The CVR is a shortline railroad that operates just under 300 miles of track in southwestern Kansas stretching into Colorado and Oklahoma. A map of our system is attached.

The CVR serves some of the best agricultural production areas in Kansas and is a family-owned small business, like many other endeavors in the communities we serve. For Stanton, Grant, Haskell, Gray, Morton, and Stevens counties, we serve as the primary connection to the national railroad network and, by extension, the rest of the world. Last year we transported over 12,000 railcars of various commodities including 37 million bushels of grain. This equates to over 80,000 truck trips that we were able to keep off local, county, and state roadways.

I am here today to testify about the importance of shortline railroads to Kansas and identify some of the significant challenges we face in providing critical rail transportation supporting important segments of the Kansas economy.

- The CVR was created in the 1990's from branchlines that were divested by a larger Class 1 railroad who had determined that they could no longer profitably operate and support these rail lines.
- In the course of over 20 years, CVR has been proudly serving our rural communities and ensuring that they have the lowest-cost access to transportation possible.
- As a private entity, totally responsible for the upkeep on its aging rail infrastructure, our main competition is trucks operating on public roadways largely subsidized by the taxpayer. As a result of this economic challenge, and due to century old track that we inherited, we would not be able to continue to provide reliable transportation if it were not for the support and assistance provided by the Kansas State Rail Service Improvement Fund (SRSIF).
  - This program contributed a third of a \$15 million rehabilitation program on the CVR begun several years ago. Additional investments of \$5 million were made by CVR and the West Kansas Economic Development Organization (WEKANDO) another \$5 million.
  - This project has replaced over 6 miles of worn out rail, replaced over 120,000 crossties and improved track surface on well over 100 miles of our network. It also helped replace bridges that were destroyed in devastating wildfires that occurred in 2012, threatening the continued existence of the entire railroad.



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As successful as this project has been, we still have much work to do and continued support from the State will be critical in our long-term success. When our rail lines were built at the turn of the last century, the standard freight railcar had a total weight of 140,000 pounds. Over the years, the railroad industry has evolved, and the current standard railcar now has a total weight of 286,000 pounds, over double the weight these rail lines were designed to carry. A significant portion of our network is not able to support this increased railcar weight and we risk it becoming obsolete, unable to economically support continued rail service.

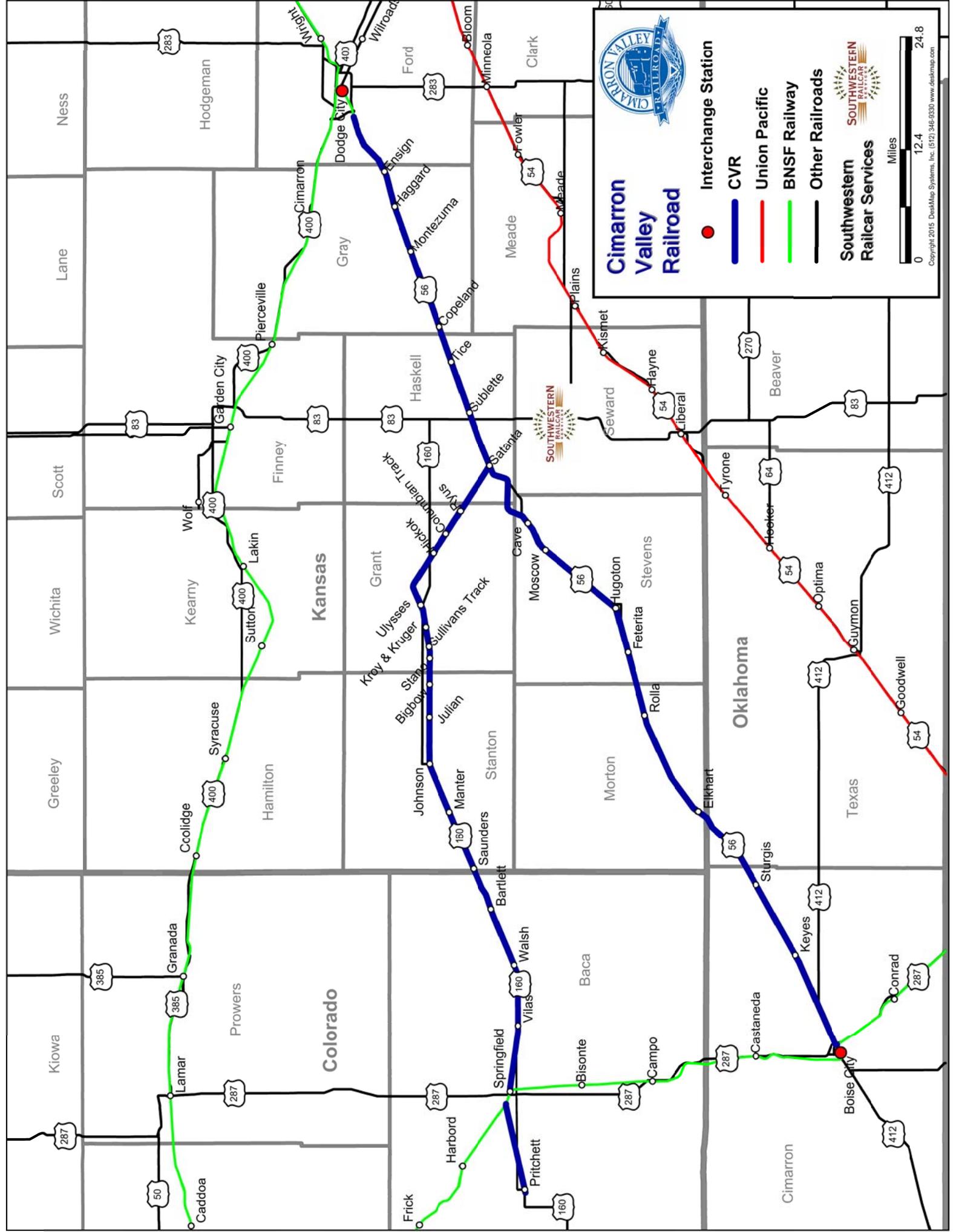
- To address the capacity deficiency, CVR will have to make additional repairs, including the very costly replacement of rail that was rolled and installed around the time that Kansas became a state.
- While the SRSIF can assist in this needed upgrade, the current structure of 30% railroad match, 40% loan, and 30% grant means that the railroad still needs to fund over 70% of the total project costs.
- Our revenues do not support these investment levels and without changes to the program, the needed rail replacement will not be accomplished, even with the assistance of the SRSIF in its current form.

We would encourage the Task Force to look at a modification of the funding structure specifically for 286,000 lb capacity projects. Alternatively, a separate fund or program could be created with a greater grant allocation to enhance the ability to progress these critical long-term infrastructure investments.

In closing, I would like to again thank the State of Kansas and its visionary legislature for establishing the SRSIF and hope it is continued. The fund is directly responsible for the continued existence of the CVR and its provision of critical rail service in SW Kansas. As multiple studies have shown, loss of rail service in rural communities can have devastating consequences to their existing economies and greatly reduces the economic development opportunities for the future. In this regard, the SRSIF has been successful. But our work is not done, and we will need continued support as we address the 286k railcar capacity issue on our network.

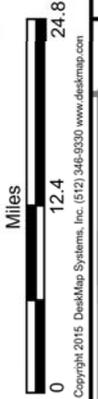
Thank you,

Brett Wallace, General Manager, Cimarron Valley Railroad



# Cimarron Valley Railroad

- Interchange Station
- CVR
- Union Pacific
- BNSF Railway
- Other Railroads



**Kansas**

**Oklahoma**

**Colorado**

Ness

Lane

Scott

Wichita

Greeley

Kiowa

Hodgeman

Ford

Gray

Finney

Hamilton

Prowers

Grant

Ulysses

Stano

Bigbow

Julian

Johnson

Manter

Saunders

Bartlett

Walsh

Springfield

Harbord

Frick

Baca

Bisonte

Campo

Moscow

Hugoton

Feterita

Stevens

Rolla

Morton

Tyronne

Hoelter

Optima

Guymon

Goodwell

Beaver

Texas

Cimarron

Castaneda

Conrad

Boise City

Cimarron

Pierceville

Garden City

Lakin

Sutton

Syracuse

Coolidge

Granada

Lamar

Caddoa

Ensign

Haggard

Montezuma

Copeland

Tice

Sublette

Sallis

Cave

Manter

Stanton

Pritchett

Meade

Plains

Seward

Hayne

Liberal

Sallis

Sturgis

Keyes

Conrad

Boise City

Clark

Fowler

Meade

Plains

Sallis

Hugoton

Rolla

Sturgis

Keyes

Conrad

Boise City

Okisnet

Seward

Hayne

Liberal

Sturgis

Keyes

Conrad

Boise City

Beaver

Hoelter

Optima

Guymon

Goodwell

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Optima

Guymon

Goodwell

Sturgis

Keyes

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