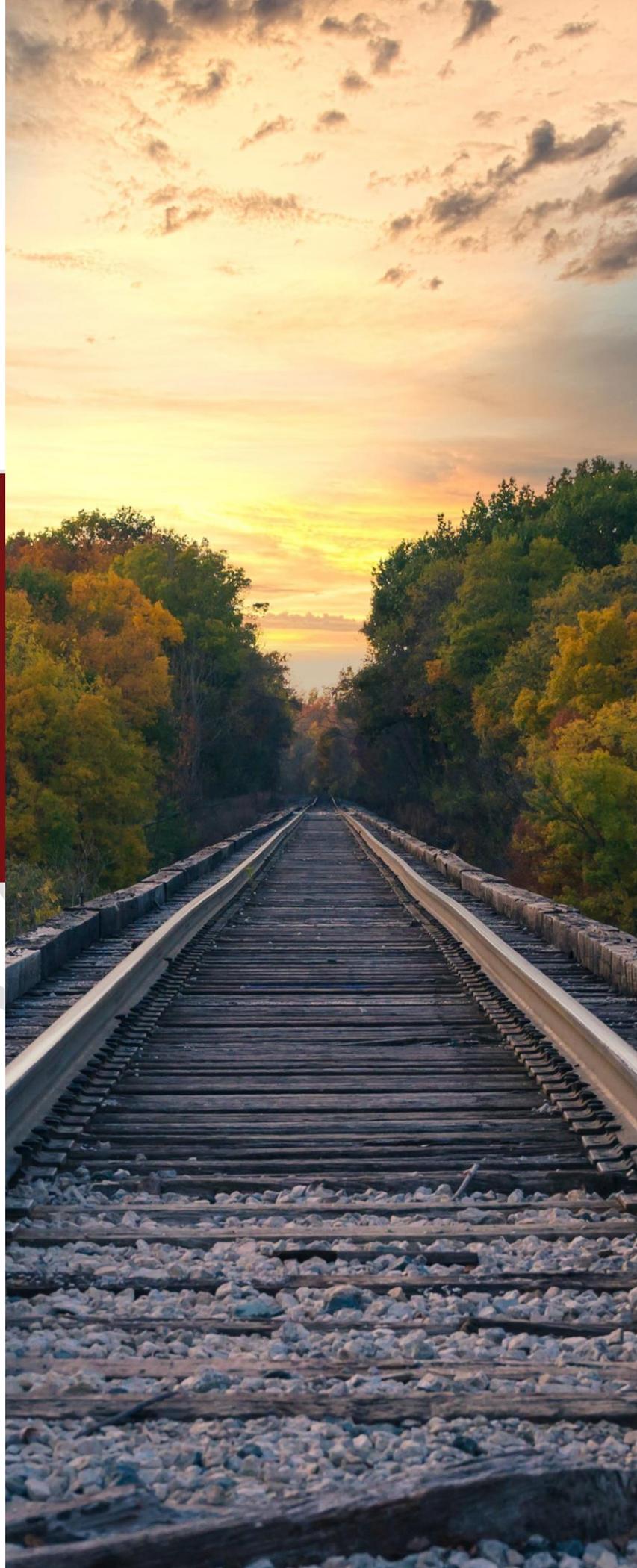


Chapter 4: Proposed Freight Rail Improvements and Investments (Draft)

South Dakota State Rail Plan

June 2022



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INTRODUCTION

The purpose of Chapter 4 of the South Dakota State Rail Plan is to identify recent capital investment trends and to describe future rail improvements and investments that will address the ongoing freight movement utility, reliability, resiliency, and safety needs of South Dakota. Many of these projects focus on the opportunity for improvements to infrastructure that will enhance the capacity, safety, and efficiency of rail service and operations; climate change adaptation and environmental sustainability; and local economic development opportunities through enhanced rail access for new potential shippers.

Planned and proposed capital projects identified by South Dakota railroads, shippers, economic development agencies, and other stakeholders during the outreach activities conducted as part of the development of the South Dakota State Rail Plan are listed in this chapter. Projects selected to be prioritized for future public funding opportunities will be further detailed in Chapter 5.

4.1 SOUTH DAKOTA RAIL CARRIER NEEDS

This section discusses those projects currently proposed or under development by railroad owners and operators in South Dakota. These projects may be related to routine infrastructure maintenance, capacity expansion, safety upgrades, industrial development opportunities, or investments towards sustainability and resiliency.

4.1.1 CLASS I RAILROADS

As private entities, Class I railroad companies in South Dakota generally must use private financing to cover the cost of equipment acquisition (such as locomotives and railcars) and infrastructure improvements aimed at renewing, upgrading, or expanding the state rail network such as rail, ties, bridges, and signal systems. Railroads rely on a regulatory framework that provides sufficient return on investment as a means to accommodate these capital expenditures. Funding levels for capital programs can vary from year to year owing to fluctuations in traffic volumes, overall economic trends, and other considerations.

Capital investment in rail infrastructure in South Dakota by BNSF Railway and its predecessor, Burlington Northern Railroad, has been robust and continuous since the 1980s. Historically, most projects were aimed at developing the capacity necessary to efficiently handle both the rail traffic originating and terminating in South Dakota and the rail traffic traveling through South Dakota. Notably, the ever-increasing agricultural output from South Dakota and the surge of coal shipments out of Wyoming's Powder River Basin had driven Burlington Northern's investment in this region. Work has been performed to upgrade track structure and bridges to accommodate railcars with a maximum allowable gross weight of 286,000 lbs., and to expand and create new terminal facilities to accommodate dedicated unit trains of bulk commodities, such as coal, grain, and ethanol.

4.1.1.1 BNSF RAILWAY

From 2013 through 2017, BNSF Railway (BNSF) invested approximately \$220 million in routine infrastructure maintenance in South Dakota, including the replacement of rail and ties.¹ BNSF continues to invest heavily in its network, with a total systemwide capital investment of \$2.97 billion in 2021.²

ABERDEEN LOCOMOTIVE FACILITY

In 2021, BNSF completed a \$4.9 million investment to construct a new, modernized locomotive maintenance facility in Aberdeen to replace an older structure.³

4.1.1.1 CANADIAN PACIFIC RAILWAY

Canadian Pacific Railway did not identify any ongoing capital improvement or maintenance needs for its line in South Dakota.

4.1.2 CLASS II AND CLASS III RAILROADS

Class II (regional) and Class III (or short line) railroads generally face a different set of challenges meeting their needs than the Class I railroads, since they do not often possess the capital and technical resources, operating capacity and flexibility, or modern infrastructure of the larger Class I railroads.

Class II and Class III railroads typically rely upon private funding, public funding, or some combination of these sources to cover the capital cost of equipment acquisition and general infrastructure improvements. Some programs administered by the State of South Dakota and by the federal government are available to Class II and Class III railroads to help fund rail network improvement projects. The potential for this funding and its applicability to and Class II and Class III railroad improvement projects in South Dakota are discussed further in Chapter 5.

All Class II and Class III railroad line segments in South Dakota were originally constructed and operated by Class I railroads. In the 1980s, Class I railroads began to shed unprofitable branch lines following the passage of the federal Staggers Rail Act. Notably, the Chicago and North Western Transportation Company sold its line between Winona, Minnesota and Rapid City, South Dakota to the Dakota, Minnesota and Eastern Railroad in 1986.

Typically, the largest constraints on Class II and Class III railroads in the U.S. involve accommodating railcars with a maximum allowable gross weight of 286,000 lbs. (the current industry standard) and operational chokepoints caused by insufficient operating capacity on main lines, in rail yards, and locations where railroads interchange with each other.

¹ Yankton Daily Press & Dakotan, *BNSF Replacing Railroad Ties in Yankton Region*, October 2, 2018. Retrieved from: https://www.yankton.net/community/article_2b67ed8c-c5f2-11e8-a1bf-23d624d90db0.html

² BNSF Railway, *BNSF Facts*, March 2022. Retrieved from: https://www.bnsf.com/bnsf-resources/pdf/about-bnsf/fact_sheet.pdf

³ Aberdeen News, *BNSF plans \$4.9 million locomotive facility in Aberdeen*, September 30, 2020. Retrieved from: <https://www.aberdeennews.com/story/business/2020/09/30/bnsf-plans-49-million-locomotive-facility-in-aberdeen/115773000/>

Railcars with larger loading capacity provide greater operating efficiency by reducing labor, fuel, and maintenance costs while increasing capacity and synergy for rail operations and rail shippers. Most Class II and Class III railroads have a legacy infrastructure suited to low-density operations and railcars of lighter weight (268,000 lbs. or less). In order to accommodate the 286,000-lb. cars, Class II and III railroads must make upgrades to the track structure and substructure (that is, rail, ties, and ballast) and bridges to handle the additional stress caused by transporting the heavier cars. Class II and Class III railroads that are unable to make the appropriate upgrades may be at a competitive disadvantage and lose business to transportation competitors, namely to trucks or nearby Class I railroads that are capable of handling the 286,000-lb. cars. Segments of the South Dakota rail network known to be incapable of handling these heavier loads are identified in Chapter 2.

Class II and Class III railroad chokepoints are often attributed to legacy infrastructure tailored to historical railroad practice, which can limit capacity and hamper the efficiency and flexibility of modern operations. Such factors include yard capacity that is insufficient for building trains; switching; and staging cars and sidings that are of inadequate number, length, or location to accommodate the demands of present-day train operations where meet-pass events may be required when multiple trains are operating on the same line.

Some Class II and Class III railroads are further constrained by delays that stem from interchanging railcars with another carrier or in the use of trackage rights to access an isolated segment of their network. Further complicating interchanges between carriers are “paper barriers”; instances where for regulatory or other contractual reasons a Class III is unable to interchange with a railroad to which it physically connects, or is limited in the volume of traffic it can interchange. Among other things, operational chokepoints and terminal congestion can harm quality of life in communities where stopped trains result in blocked crossings and cause delays to motorists and pedestrians.

4.1.2.1 RAPID CITY, PIERRE & EASTERN RAILROAD

SOUTH DAKOTA WEST RIVER RAIL IMPROVEMENT PROJECT (CRISI FY 2017)

This 2017 federal Consolidated Rail Infrastructure and Safety Improvements (CRISI) award facilitated the replacement of 2.5 miles of 100-year old, 100-lb. per yard rail with new 115-lb. per yard continuous welded rail on the Rapid City, Pierre & Eastern Railroad (RCPE) near Wall, South Dakota. Track conditions had previously required eastbound trains to slow from 25 miles per hour to 10 miles per hour as they entered an area of steep gradient. The project helped to alleviate a bottleneck on the RCPE network and improved operating efficiency by allowing longer trains to travel on this section of track. The total project cost was approximately \$2 million.

MIDLAND RAIL IMPROVEMENT (STC FY 2020)

RCPE will perform 4-mile rehabilitation project of mainline near Midland, South Dakota. The project will upgrade 4 miles of track to permit heavier cars and increase speed to 25 mph. The total project cost is approximately \$2.8 million (\$2.2 million in STC funds and \$0.6 million of non-federal matching funds).

WEST RIVER FREIGHT RAIL STORM RESILIENCY PROJECT (STC FY 2021)

PROJECT DESCRIPTION

The PRC Subdivision of the Rapid City, Pierre & Eastern Railroad (RCPE) provides eastward freight connectivity for Rapid City, the second largest city of South Dakota, and forms a link between much of the West River region of the state and the national rail network east of the Missouri River.

At eight specific locations along the RCPE PRC Subdivision main line between Fort Pierre and Rapid City are structures that facilitate storm water and other flows into the Bad River between west of Fort Pierre and Philip areas, and structures that facilitate storm water and other flows into the Boxelder Creek in the general vicinity of New Underwood.

Professional hydrology studies were completed in 2020 and early 2021. Seven culverts and one bridge structure were identified at significant risk in future heavy storms. Addressing these eight locations is the basis for this project.

The culvert work is predominately installing larger culverts to allow for unrestricted passage of expected future storm events. The bridge structure is proposed to be replaced with a new embankment and new culvert placement to better control future flood waters on the Bad River, and to prevent compromising the balance of the bridge structure.

PROJECT BENEFITS

The project will provide immediate and clear public benefits:

- A more reliable means of transporting freight through the West River Region, capable of withstanding future significant rainfall or flooding events much better than it can today and giving better resiliency to logistic patterns in the region.
- Avoidance of truck shipments required if the PRC Subdivision becomes unusable for a period of time after a significant rainfall event in the watershed areas it passes through; dependent upon the cause of the rail line outage and the seasonal shipping demands of the rail customers on the line, this could be avoidance of thousands of truck trips over multiple month periods of time.
- Facilitate future investments in the PRC Subdivision to continue to improve the route, as opposed to simply reacting to emergency line outages.

PROJECT COST AND FUNDING SOURCES

RCPE is contributing matching funds in the amount \$200,000, representing 20 percent of the \$1,000,000 total project cost. **Table 1** shows the project funding sources and the total project cost.

Table 1: West River Freight Rail Storm Resiliency Project Funding Table

Source	Amount	Percent (%)
STC Federal Grant Request	\$0.8 million	80%
RCPE Match	\$0.2 million	20%
Total Project Cost:	\$1.0 million	100%

SOUTH DAKOTA FREIGHT CAPACITY EXPANSION PROJECT (RAISE FY 2021)

INTRODUCTION

Since its start-up on June 1, 2014, the Rapid City, Pierre & Eastern Railroad (RCPE) has been aggressively investing in its infrastructure to better serve South Dakota and Wyoming. Since its inception, RCPE has spent over \$52 million in routine maintenance of way expense work, and over \$68 million in track and bridge capital improvements. This is an average annual combined total of over \$18 million per year spent by RCPE on its right-of-way. These investments provide safe, efficient, and competitive freight services for RCPE customers.

These significant investments along with prior federal and state grants have brought the eastern half of the RCPE (Pierre, South Dakota to Tracy, Minnesota) up to a solid 40 mph line capable of handling industry standard 286,000-lb rail cars. RCPE, in partnership with state and local officials, has facilitated significant new development along the railroad since 2014.

Focus for future line improvements now centers on the RCPE main line west of Fort Pierre to Rapid City. This line, known as the PRC Subdivision, serves the region of the state known as “West River.” Its operations are now generally limited to 10 mph and a rail car weight limit of 263,000 lbs.

PROJECT DESCRIPTION

To continue efforts to upgrade the PRC Subdivision, South Dakota Department of Transportation applied for a 2021 federal “Rebuilding America Infrastructure with Sustainability and Equity” (RAISE) grant to upgrade main line rail between Fort Pierre and Rapid City, South Dakota.

Almost 90 miles of the PRC Subdivision main line still use old, lighter weight sectional (“jointed”) rail. These 33- and 39-foot sections of rail are connected by joint bars bolted to the ends of the rail. These joints, especially with lighter weight rail that is approaching 100 years old, tends to deflect under the weight of passing trains. Also, the line contains numerous trestles requiring upgrading to handle modern freight cars.

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Modern, heavier continuously welded rail will eliminate the joints and deflection associated with old sectional rail. It improves operating efficiency and reliability, increases safety, and helps stabilize the railroad when built over the Pierre Shale geological formation, which poses unique geotechnical challenges. Upgraded bridges with strengthened stringers and caps to handle fully loaded modern freight cars. These improvements together will allow service between Fort Pierre and Rapid City to increase from 263,000-lb gross weight freight car limit and 10-mph train speeds to 286,000-lb (the industry standard) and 25 mph.

Figure 1 provides a map of the PRC Subdivision in South Dakota.

Figure 1: Map of RCPE PRC Subdivision



Source: Rapid City, Pierre & Eastern Railroad, Inc.

PROJECT COSTS AND FUNDING SOURCES

As shown in **Table 2**, the total project cost will be \$84 million. Recognizing the importance to the public and the economy of finishing this effort in a prompt fashion, a South Dakota Senate Bill (SB 93) was introduced and passed the legislature by overwhelming margins calling for \$20 million in state funds to be available to RCPE to use as matching funds for a federal grant to upgrade the line. Governor Noem signed the bill into law on March 22, 2021.

Table 2: South Dakota Freight Capacity Expansion Project Funding Table

Source	Amount	Percent (%)
RAISE Federal Grant Request	\$22.0 million	26%
RCPE Match	\$42.0 million	50%
South Dakota Match (SB 93)	\$20.0 million	24%
Total Project Cost:	\$84.0 million	100%

OTHER PROPOSED PROJECTS

HURON LOCOMOTIVE FACILITY

RCPE identified the potential to construct a new locomotive maintenance facility in Huron, South Dakota to functionally replace the historic steam-era roundhouse structure. The Huron roundhouse was built by the Chicago and North Western Railway to support the day-to-day storage and servicing of steam locomotives used in the first half of the 20th century. The facilities have since become obsolete and are not well suited to modern diesel locomotive maintenance needs.

RCPE noted that a new state-of-the-art heavy maintenance facility could perform locomotive overhauls for other Genesee and Wyoming railroad subsidiaries nationally in addition to the RCPE fleet. This would require RCPE to hire additional mechanics, electricians, machinists, and shop laborers in Huron, providing a local economic benefit.

4.1.2.2 D & I RAILROAD

DAKOTA AND IOWA RAILROAD MAIN LINE RAIL REPLACEMENT AND CROSSING IMPROVEMENT PROJECT (STC FY 2019)

The D & I Railroad was awarded a grant to replace seven miles of 100-lb per yard jointed rail with 115-lb per yard continuous welded rail and upgrade four turnouts between Dell Rapids and Sioux Falls, South Dakota. The project funding consists of \$4 million in STC funds and a \$1 million matching contribution from D & I Railroad and the City of Dell Rapids for a total project cost of approximately \$5 million.

MAIN LINE RAIL REPLACEMENT PROJECT (STC FY 2021)

PROJECT DESCRIPTION

The proposed project contains two parts. First, the project is to replace 5.8 miles of existing 100-lb. per yard jointed rail with 115-lb. per yard continuous welded rail located in South Dakota on the D & I Sioux Valley Subdivision from MP 29.86 to MP 35.66. Secondly, the project is to replace existing 1.7 miles of existing 100-lb. per yard jointed rail with 115-lb. per yard continuous welded rail located in Iowa, also on the D & I Sioux Valley Subdivision from MP 35.66 to MP 37.0 (1.66 miles) and, MP 28.6 to MP 28.24 (.34 miles).

The jointed rail to be replaced is nearing the end of its useful life and is on a track segment that is integral to the hazmat shipments on the lines. The rail line serves a major aggregates producer, L.G. Everist, two ethanol shippers, a cement terminal, and several transload customers and facilities. Continued degradation or loss of railroad service will be detrimental to these industries. These improvements are needed to solve lingering legacy infrastructure issues, to preserve and enhance capacity, rail access, multimodal connectivity, and interchange connections with three Class I railroads (BNSF Railway, Canadian National Railway, and Union Pacific Railroad), and to accommodate future growth in economic and industrial development in the rural Siouxland region.

PROJECT BENEFITS

The primary purpose of the project is to enhance freight railroad infrastructure to maintain the rural economy of a large geographic area in eastern South Dakota and northwest Iowa. Ancillary benefits generated by the project are improved railroad operation from the replacement of legacy main track rail as well as a reduction in derailment exposure and likelihood by providing safer and more reliable railroad infrastructure. This railroad line is vital to the operation and future growth for many rural shippers.

PROJECT COST AND FUNDING SOURCES

The project represents a significant transportation infrastructure investment to provide enhanced service performance and reliability for this rural freight railroad line primarily serving South Dakota originations and destinations. The estimated total project cost is \$5,252,190; including \$3,997,520 in South Dakota and \$1,264,670 in Iowa. The D & I will contribute \$799,504 thousand toward the \$3.99 million construction cost for Task 1 (South Dakota), and South Dakota State Rail Trust funding of a grant or loan of \$1,264,670 for Task 2 (Iowa portion of project). The \$3.2 million request for STC funds would provide the remaining project funding needed to construct the Project. Project funding sources are presented in **Table 3** and **Table 4** for South Dakota and Iowa portions respectively.

Table 3: South Dakota Main Line Rail Replacement Project Funding Table

Source	Amount	Percent (%)
STC Federal Grant Request	\$3.2 million	80%
Non-Federal Funding/Match	\$0.8 million	20%
Total Project Cost:	\$4.0 million	100%

Table 4: Iowa Main Line Rail Replacement Project Funding Table

Source	Amount	Percent (%)
South Dakota Railroad Trust Fund Loan	\$1.3 million	100%
Total Project Cost:	\$1.3 million	100%

OTHER PROPOSED PROJECTS

FAIRVIEW MEET AND PASS SIDING ON SIOUX VALLEY SUBDIVISION

D & I identified the need for an additional meet and pass siding near Fairview on the Sioux Valley Subdivision to supplement the one existing meet and pass siding located at Chatsworth. This will enable D & I to accommodate additional traffic on its line and provide additional operational flexibility to support multiple trains. The cost of this improvement would be approximately \$2 million.

SIOUX VALLEY SUBDIVISION BRIDGE UPGRADES

D & I identified the need for approximately \$40 million in bridge upgrades at multiple locations where the Sioux Valley Subdivision crosses the Sioux River.

4.1.2.3 DAKOTA, MISSOURI VALLEY AND WESTERN RAILROAD

DAKOTA, MISSOURI VALLEY AND WESTERN RAIL IMPROVEMENT (STC FY 2020)

This rural freight rail capital project consists of several track improvements between mile post (MP) 115.5 and MP 74.6 – located approximately between Britton and Aberdeen, South Dakota. The project includes replacing approximately 20,450 ties, removing, and replacing old anchors, adding ballast, and making repairs to two railroad bridges. These improvements will make the state-owned track safer and more efficient for ongoing rail operations.

4.1.2.4 DAKOTA SOUTHERN RAILWAY

Dakota Southern Railway did not identify any ongoing capital improvement or maintenance needs for the leased state-owned Napa-Platte line in South Dakota.

4.1.2.5 ELLIS & EASTERN RAILROAD

MINNESOTA-SOUTH DAKOTA RAIL IMPROVEMENT PROJECT (CRISI FY 2019)

This project is facilitating the restoration of roughly 38 miles of track between Brandon, South Dakota (near Sioux Falls) and Worthington, Minnesota. The project is upgrading 11 bridges, one siding, approximately six miles of rail, and 45 grade crossings in order to facilitate the resumption of rail service on an intact portion of the Ellis & Eastern Railroad (a Class III short line carrier) that had previously sat disused for many years.

ELLIS & EASTERN SIOUX FALLS AREA BRIDGES (STC FY 2019)

Ellis & Eastern Co. was awarded a grant to reconstruct three bridges near Sioux Falls, South Dakota. The project funding package consists of \$3.9 million in STC funds and a \$1 million matching contribution from Ellis & Eastern Co. for a total project cost of \$4.9 million.

ENCORE RAIL PARK

This project will construct a 5,121 foot-long siding along the existing Ellis & Eastern track from MP 50.94 to MP 51.91, and will install six (6) rail turnouts on the siding and a 948-foot spur into a new rail served industrial park. This will be an all new industrial/rail park located on the West edge of Brandon, South Dakota. Encore Rail Park was recently annexed into the City of Brandon.

PROJECT BENEFITS

The project will help attract businesses to the area (and the Rail Park) that would not otherwise consider locating in South Dakota or the Sioux Falls/Brandon area. The project will help reduce truck miles due to a modal shift to rail.

The project has wide local support. Letters of support were provided by the City of Brandon, neighboring business, Sioux Valley Electric, Brandon Economic Development Foundation, Sioux Falls Development Foundation, Sioux Metro Growth Alliance, and the City of Sioux Falls.

The new rail-served business that is seeking to locate in the Encore Rail Industrial Park has requested that any information that might identify them or the type of business they plan on pursuing remain confidential. This business indicated they will receive five cars per week from the Pacific Northwest. If this material cannot be shipped by rail, it will be trucked. Assuming shipments come in 50 weeks out of the year, that results in 250 cars per year. Those 250 railcars will divert 1,000 trucks per year.

OTHER PROPOSED PROJECTS

SIOUX FALLS RAIL RELAY PROJECT

Ellis & Eastern identified the need to relay main line rail in the Sioux Falls area to enable the railroad to accommodate 286,000-lb. carloads. The estimated total project cost is not known at this time.

RESTORE RAIL SERVICE TO ELLIS

Ellis & Eastern identified the opportunity to rehabilitate existing disused out-of-service track between Sioux Falls and Ellis to serve a potential shipper which already has an existing spur. This project would cost approximately \$2.0 million.

4.1.2.6 RINGNECK & WESTERN RAILROAD

Since acquiring the state-owned MRC line in 2021, Ringneck & Western Railroad (RWRR) has committed to ongoing track upgrade and maintenance activities to support rail traffic growth on this corridor.

Prior to RWRR's acquisition of the line, Dakota Southern Railway (DSRC) had completed a substantial reconstruction of the line between Mitchell and Presho, funded through multiple sources including contributions from the Railroad Trust Fund, GOED Future Fund, and a federal TIGER grant.

RWRR was awarded an STC grant in 2020 for the construction of a meet/pass siding near Kimball, South Dakota. This siding will add capacity to the route to enable RWRR to support multiple shuttle trains simultaneously, alleviating a potential bottleneck at the Mitchell interchange.

RWRR's Efficiency and Growth project was selected by the State Railroad Board in 2021 to be advanced for FY 2021 STC grant funding.

MITCHELL-RAPID CITY MEET AND PASS SIDING (STC FY 2020)

RWRR will construct a new 10,000 foot meet & pass siding near Kimball, South Dakota. The new siding will improve operational flexibility on the line. The total project cost is approximately \$2.5 million (\$1.5 million in STC funds, \$0.5 million in State grant funds, and \$0.3 million in other non-federal matching funds).

RINGNECK & WESTERN EFFICIENCY AND GROWTH PROJECT (STC FY 2021)

PROJECT DESCRIPTION

RWRR proposes to build new railroad infrastructure at a site located on railroad-owned property at the intersection of (State or U.S.) Hwy 281 and Old Hwy 16 in Plankinton, South Dakota (railroad mile post 395) that will improve efficiency, reduce fuel consumption, and drive new transload capacity and economic development opportunities. The proposed project includes two main components: 1) a 558-foot locomotive shop track and 2) two 1,500-foot transload tracks for new opportunities. Ancillary project work would include a loadout spur, access roadway for transloading, six new turnouts, and a maintenance pit for locomotive inspections.

PROJECT BENEFITS

The project has three main areas of benefit:

- RWRR has identified the opportunity to serve a new customer that is interested in receiving five cars per week of dimensional lumber product.

- The shop track will allow RWRR to perform locomotive maintenance in Plankinton instead of Chamberlain.
- The transload tracks will provide the ability to move rock into Plankinton by rail for both RWRR use and for use in other local construction projects.

PROJECT COSTS AND FUNDING SOURCES

As shown in **Table 5** below, total project costs are \$2,998,348.39. RWRR’s parent company, Watco, will provide a 40 percent non-federal match of \$1,199,339.36 and requests a STC grant in the amount of \$1,799,009.03 (60 percent of the total project cost).

Table 5: Ringneck & Western Efficiency and Growth Project Funding Table

Source	Amount	Percent (%)
STC Federal Grant Request	\$1.8 million	60%
Watco Match	\$1.2 million	40%
Total Project Cost:	\$3.0 million	100%

4.1.2.7 SISSETON MILBANK RAILROAD

Sisseton Milbank Railroad is faced with an ongoing need to upgrade its track and structures to accommodate modern 286,000-lb. gross weight carloads. This upgrade will in turn make rail service more reliable and cost-effective to on-line shippers, increasing the marketability of rail service on this line. SMRR has made multiple efforts to secure federal grant funding through the RAISE program to facilitate the needed track upgrades. SMRR’s parent company has indicated that it will continue to seek to leverage future grant opportunities to improve the line.

LAKE FARLEY BRIDGE REPLACEMENT

Sisseton Milbank Railroad (SMRR) was awarded an STC grant in 2019 to reconstruct an existing bridge near Milbank, South Dakota. The funding package consists of \$1.5 million in STC funds and a \$0.4 million matching contribution from Sisseton Milbank Railroad for a total project cost of \$1.9 million.

SISSETON MILBANK RAIL RELAY PROJECT

SMRR identified the need to conduct a major overhaul of its rail and bridge structures to ensure the long-term viability of its operations. This proposed project would complete all remaining rail and bridge upgrades necessary to support 286,000-lb. carloads between Sisseton and Milbank. The estimated total project cost is approximately \$26 million. Sisseton Milbank Railroad has previously partnered with Roberts County, South Dakota to apply for USDOT RAISE grant funding for this project, but was not successful.

4.1.2.8 SUNFLOUR RAILROAD

Sunflour Railroad did not identify any ongoing capital improvement or maintenance needs for its line in South Dakota.

4.1.3 LOCAL ECONOMIC DEVELOPMENT AGENCIES

4.1.3.1 SIOUX FALLS DEVELOPMENT FOUNDATION

FOUNDATION PARK

Established in 2015, Foundation Park is a new, multi-user industrial park located in Sioux Falls, South Dakota near the intersection of Interstate 29 and Interstate 90. The industrial park contains over 800 acres of available real estate zoned for heavy industrial use, with 117 of those acres having direct rail access provided by BNSF.

This site has been designated as a BNSF Certified Site. BNSF certification ensures a site is ready for rapid acquisition and development through a comprehensive evaluation of existing and projected infrastructure, environmental and geotechnical standards, utility evaluation and site availability.

Two rail-served tenants have already located in the park: Win Chill Cold Storage and Nordica Warehouses. A third rail-served tenant, CJ Foods/Schwans, is constructing a food processing facility on another parcel.

4.1.3.2 BELLE FOURCHE DEVELOPMENT CORPORATION

BELLE FOURCHE INDUSTRIAL AND RAIL PARK

Belle Fourche Development Corporation (BFEDC) was awarded a 2019 STC grant to construct 3,975 track-feet of additional sidings and install four turnouts at its Industrial and Rail Park near Belle Fourche, South Dakota. The project funding package consists of \$1.9 million in STC funds and \$0.5 million of BFEDC funds for a total project cost of \$2.4 million.

Additional trackwork is proposed that would serve a new rail shipper in the park. This next phase is anticipated to have a total estimated project cost \$1.7 million.

4.2 SOUTH DAKOTA RAIL USER AND COMMUNITY NEEDS

Table 6 lists rail-related projects that have been proposed by other non-railroad entities or that relate to public infrastructure.

Chapter 4: Proposed Freight Rail Improvements and Investments

South Dakota State Rail Plan

Table 6: Rail User and Community Needs Inventory

Stakeholder Type	Stakeholder	Project	Type of Improvement	Location	Estimated Project Cost
Community	Community	Opportunity to construct recreational trail between Platte and Ravinia on railbanked state-owned Napa-Platte Line right-of-way	Adaptive Reuse	Platte, SD – Ravinia, SD	TBD
Community	Community	Opportunity to construct grain shuttle terminal near Wagner on the Napa-Platte Line	Economic Development	Wagner, SD	TBD
Community	Community	Opportunity to reactivate state-owned Napa-Platte Line between Napa and Wagner	State of Good Repair	Napa, SD – Wagner, SD	TBD
Rail Shipper	Various	Opportunity to construct a meet and pass siding near Utica on the BNSF Aberdeen Subdivision	Capacity	Utica, SD	\$2.5 million
Rail Shipper	Various	Opportunity to reduce terminal delay and improve interchange at Sioux City, Iowa bottleneck	Capacity	Sioux City, IA	\$3.5 million
Rail Shipper	Various	Opportunity to develop a rail intermodal container terminal for imports and exports	Economic Development	Statewide	TBD
Community	City of Sioux Falls	Construct grade separation at 471st St (Marion Rd) near Sioux Falls (DOT# 097254J)	Safety	Sioux Falls, SD	\$10.0 million
Community	City of Sioux Falls	Opportunity to develop city-wide Quiet Zone	Quality of Life	Sioux Falls, SD	TBD
Community	City of Rapid City	Opportunity to develop city-wide Quiet Zone	Quality of Life	Rapid City, SD	TBD
Railroad	DAIR	Install gates at Garfield Avenue in Dell Rapids (DOT# 381716D)	Safety	Dell Rapids, SD	\$0.3 million
Railroad	DMVW	Install flashing light signals and gates on County Road 9 near Britton (DOT# 067500K)	Safety	Britton, SD	\$0.3 million
Railroad	RWRR	Install flashing light signals and gates at Main Street in Kimball (DOT# 386090T)	Safety	Kimball, SD	\$0.3 million
Railroad	RWRR	Install flashing light signals and gates at 397th Avenue in Mt. Vernon (DOT# 386052J)	Safety	Mt. Vernon, SD	\$0.3 million

4.3 CONCEPTS FROM STAKEHOLDER OUTREACH

Multiple stakeholders expressed the sentiment that economic development projects (such as the construction of new rail spurs to provide direct rail access to new shippers) should be given priority equal to that of projects focused on state-of-good-repair for existing rail lines.

Railroad stakeholders have expressed that rail replacement projects yield the most value in terms of the benefits of improved operational reliability, increased operating speeds, and reduced maintenance costs relative to the cost of the investment. For a regional or short line railroad, a one-time investment in new heavy continuous welded rail today can provide operational resiliency for decades – perhaps even a century – as evidenced by the age of current rail still in place and in daily use on some lines. However, railroad stakeholders also see the value in investments that will increase freight traffic on their lines and thus increase ongoing revenue to help sustain ongoing operations and maintenance costs.

Community stakeholders have recently expressed renewed interest in the development of railroad whistle quiet zones (QZ's) at highway-rail grade crossings in urban areas. QZ projects are mainly considered pertinent to quality-of-life rather than safety, though necessary highway-rail grade crossing upgrades to conform with FRA's QZ requirements may offer some safety benefits through engineering improvements. QZ projects are typically community-initiated and community-funded, though they can be implemented on a more systematic basis at the corridor level in collaboration with regional partners.