

HB 25-A - AS AMENDED BY THE HOUSE
Page 4

Line 6 Section XV-Department of Transportation: General Funds

Line 12 Section 4 Coos County Freight Rail Improvements*

*The sum appropriated in subparagraphs 3 and 4 shall be matched to provide funds of an equal amount for each project. The department of transportation shall report on the use of the appropriation and matching private funds for each project to the capital budget overview committee in October and April for each year of the biennium.



Tri-State Regional Rail Upgrade Project



The St. Lawrence & Atlantic Railroad (SLR) is a shortline railroad that operates 162 miles of trackage from the Vermont/Canadian border to Auburn, ME (Maine - 70, New Hampshire - 58, Vermont - 34). The SLR connects with Canadian National Ry. on the north end and with CSX Transportation on the south end, providing a strategic supply chain connecting route while serving local businesses in all three states. The SLR is also the only interchange connection to the two State of NH- owned lines operated by New Hampshire Central Railroad and the Cities of Auburn & Lewiston, ME- owned Lewiston Auburn RR. The line serves local and regional businesses and provides a competitive shipping and supply chain alternative to trucking.

Since being sold by the Canadian National Ry. in 1989, the SLR has worked with the states and federal government on numerous public-private partnership projects to upgrade the route. The elements of this Federal Railroad Administration (FRA) Consolidated Rail Infrastructure and Safety Improvements Program (CRISI) project will achieve the final goal of upgrading the route to handle modern 286,000 lb. loaded railcars. The SLR is also a hazardous materials route, including LPG and various chemicals used in the paper making process. With high costs of energy impacting businesses and residents, having a reliable freight corridor to ship more economically via freight rail is becoming even more important.

The SLR is partnering with the states of VT, NH, and ME to submit this grant project. The Vermont Agency of Transportation (VTRANS) will be the lead applicant for the application. Matching funds are being provided by the state of ME, possibly NH, and the SLR to make the project a true public-private partnership. **This is the final work needed to complete the modern heavy haul rail freight corridor and provide 286,000 lb. railcar weight capacity.**

Existing businesses, such as RCP Transit in Island Pond, VT, Superior Propane in North Stratford, NH, Presby Plastics in Berlin, NH, New England Public Warehouse in South Paris, ME, Maine Wood Treaters in Mechanic Falls, ME, and Savage Safe Handling in Auburn, ME would benefit from being able to ship 286,000 lb. railcars and having a state of good repair route.

Having a viable, modern freight rail corridor is essential in attracting new business to a primarily rural region that has seen a loss of manufacturing jobs. Efforts are underway to redevelop the former paper mill site in Groveton, NH are underway and having connections to a safe and modern rail system is important for future attraction of businesses and the associated jobs.

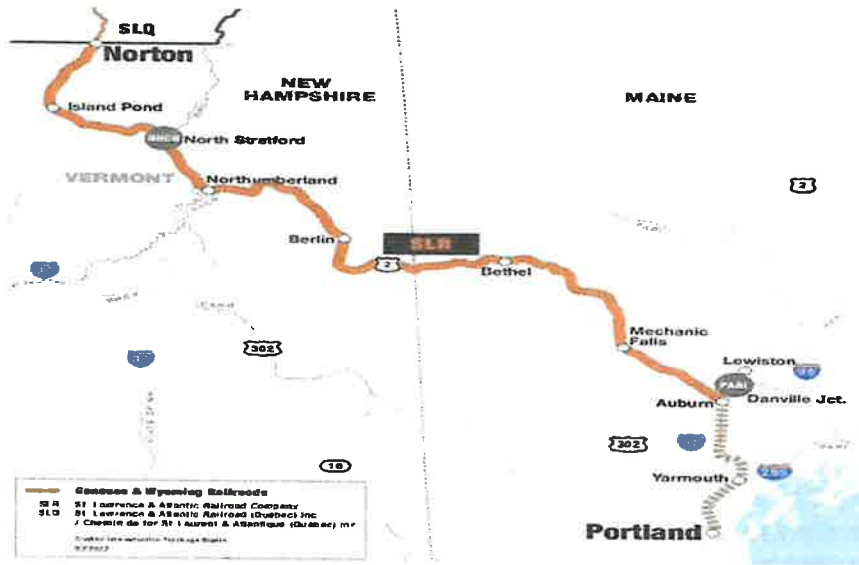
The main elements of the project include installing 18 miles of new 115# continuous welded rail (CWR), 11 switches, 3,500 ties, rebuilding 3 public grade crossings, new ballast and surfacing. The new CWR will replace non-controlled jointed rail that is over 80 years old, prone to failure and does not support modern 286,000 lb. loaded railcars.

Breakdown of work by state:

VT \$3.6M NH \$6.7M ME \$7.6M

The total cost of the project is estimated at \$17.9M.

Matching funds from the states and SLR total \$8.9M, with an FRA CRISI grant request of \$8.9M.



Date Senate Capital Budget 2021

History of the State public-private partnership funding of the Coos County Rail Project rail replacement (31.2 miles beginning in 2009)

- The Senate Capital Budget Committee and the House Public Works Committee started funding the rail rehabilitation in 2010 with an appropriation of \$850,000 that required a public-private partnership 20% match from the railroad as required by NH statute.
- Beginning with FY2016-2017, the Senate Capital Budget Committee agreed with the House Public Works Committee to increase the rail rehabilitation public-private match policy to 50%, an increase from the original 20%. The Senate Capital Budget and the House Public Works Committee provided in FY2016-2017: \$1,500,00, in FY2018-2019: \$1,000,000 and in FY2020-2021: \$900,000. Each of the last three Capital appropriations required a dollar a dollar-for-dollar match leveraging \$3,400,000 in private contribution. In 2010, the private sector contribution was \$170,000 for a total of \$3,570,000 by the St. Lawrence Atlantic Railroad.
- Finish line is 7.6 miles in Northumberland & Stratford. The current appropriation in HB 25 will move the project to the finish line by 1.6 +/-.

Conditions placed on funding

- The railroad operator shall make commitments to continue service and maintenance on the lines appropriate at the classification level to which the lines had been rehabilitated.
- A lien on the improved property shall be created in favor of the State in an amount which equals all, or the pro rata share, of the improvements made. The lien shall expire 10 years from the date the improvements are completed; provided that the lien shall be recorded in the Registry of Deeds of the county or counties in which the improved property is situated and shall not supersede any lien created by a mortgage affecting such property. The lien shall only expire if the line upon which the improvements have been made is operated and maintained for normal use for a period of 10 years subsequent to the completion of the improvements.
- Railroads in the private sector contributed to the General Fund in FY2020. \$306,293 was collected by DRA in 2020 (unaudited), with \$91,689 distributed to municipalities (source: DRA presentation to House Ways and Means Committee 1-26-21). A similar amount +/- is contributed to fund rail rehabilitation of state-owned rail lines.

Below is a comparison report that shows the 2022-2023 appropriation the House Public Works Committee included in HB 25 that the House adopted for the two rail projects (Coos County and Strafford-Carroll County)

Link to [HB 25-A](#)

Link to [HB 25 \(Capital Budget\) Compare Report dated 4/7/2021](#)

Below is a link to documents the St. Lawrence Atlantic Railroad submitted to the Legislative Budget Office for the Capital Budget Oversight Committee October 2020 agenda as required by HB 25. **The documents include photos of the construction and a map of the rail construction project.**

Link to [CAP 20-013 Additional Information #1 as provided by St. Lawrence Atlantic Railroad](#)

If you have questions, please call me 603-491-8346 or email me at worsowicz@gcglaw.com.

Sincerely,

Paul Worsowicz

Business

- Heating fuels
- Plastics
- Road Salt
- New Hampshire Central RR in N. Stratford
 - Potential: Transload, Storage
- Development of former Groveton Mill site
- Commodities: lumber, chemicals, wood
- Gorham Tissue – served through Maine transload operations