



## American Short Line and Regional Railroad Association

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May 13, 2020

Chairman Roger Wicker  
U.S. Senate Committee on Commerce, Science, and Transportation  
512 Dirksen Senate Office Building  
Washington DC, 20510

**RE: ASLRRRA Response to Senate Commerce Committee Chairman Wicker Request for Feedback**

Dear Chairman Wicker:

The American Short Line and Regional Railroad Association (ASLRRRA), representing the nation's 600 small business short line railroads and hundreds of suppliers to the industry, appreciates the opportunity to respond to your letter of May 4, 2020 seeking input on the impact of the COVID-19 pandemic on our industry and ways to ensure the freight transportation network continues to be resilient and flexible in reacting to future unforeseen events.

The ASLRRRA is pleased to offer the following response:

- 1) Question: What impacts have your members seen from COVID-19 on our transportation networks and supply chains, and how have they responded to these impacts?*

**Operations & Keeping the Supply Chain Moving**

Short line railroads are operating quite well and for the most part have continued without significant interruption. We are proud of the 600 short line railroads who are playing a key role in moving goods that keep our country functioning during these uncertain and troubling times – these railroads are working day-by-day, even hour-by-hour, with their thousands of industrial, agricultural, energy, and manufacturing customers to keep the nation's supply chain functioning, in what is one of the few bright spots for the country over the past two months. That is not to say that there haven't been plenty of challenges, but due to their close customer relationships, flexibility, and can-do spirit, short lines have been able to adapt to and accommodate a cavalcade of unusual last minute changes to shipment sizes, shipment destinations, staffing adjustments, operating hour tweaks, business process shifts, etc.

We have collected stories and pictures from our members operating and transporting critical products during the pandemic, including wheat to a flour mill, corn, and materials that are used in restaurant take-out containers, protective masks, and hand sanitizer. You can find some of those stories [here](#) and [here](#).

Our railroad and contractor and supplier members have also continued work on projects that improve our nation's critical infrastructure and keep hard working Americans employed. For example, the Georgia & Florida Railway (GFRR) has continued safely working on an 81-mile track rehabilitation project that received funding from an FY17 USDOT FASTLANE grant. The project is slated for completion this year and has not been interrupted by the global pandemic. GFRR is prioritizing worker safety and has

worked with its contractor, RailWorks, to implement an active COVID-19 response plan. The railroad and contractor agreed early that any test results during the COVID-19 pandemic are shared between the railroad and contractor to ensure safe situational awareness.

COVID preparedness on the project worksites include: Social distancing; working outdoors; reminders of hygiene and hydration; reminders of proper diet and knowing limitations; discussions regularly of being our brothers' keeper; identifying fatigue, discussion of proper rest cycles and healthy sleep; promotion of positive leadership and keeping calm; cleaning supplies in vehicles and available to employees (wipes, various cleaners, etc.); discussions about smoking and personal health off-property; knowledge of medical facilities discussed in job briefings and information is included in the timetable; looking out for a distracted public; reducing and eliminating unnecessary distractions from employees and promoting focus through calm and pragmatic actions and reactions; clear communications; first aid kits in all vehicles and machines; no handshaking; and multiple daily discussions with RailWorks management in field and central office.

### Short Line Supply Chain

Some of our members have reported trouble acquiring desired amounts of personal protective equipment (PPE) – this is obviously not unique to railroad workers and is a challenge throughout the country, and our railroads are focused on getting everything they need for our workers, but nevertheless it's a challenge and as an industry we would be grateful for any and all federal help in this regard.

In addition to PPE, there have been occasional challenges with our usual vendors getting spare parts, contract services, and other items needed to run the railroads in a timely manner. These are generally sporadic concerns, and we recognize this is a difficult time for everyone and are working through that to the best of our ability.

### Business levels

Overall freight railroad business is currently down about 25-30 percent year-over-year across the industry. That's not good – it's not the devastation felt by our friends in industries such as passenger travel, restaurants, and live events, but it's the worst that business conditions have been since we started keep data as an industry, and likely the worst since the Great Depression.

Within the overall freight downturn, there is significant variability among commodities with product categories like grain, food products, chemicals, and pulp and paper products and materials holding up better than coal, ethanol, crude oil, auto parts, and intermodal. This variability is reflected in the short lines with some staring at losses of 60 to 70 percent and others near flat. The sudden elimination or steep reduction in business from just two or three customers can have a big impact on these small business railroads, many of whom only operate one line of track and are very dependent on a handful of customers.

- 2) *What are your expectations for how freight transportation or the supply chain may continue to be impacted in the near term? What impacts do you anticipate in the long term?*

On the balance, in the short term we expect to continue operating well and our members are eagerly working with our customers to help move as much of their products by rail as possible. Again, we take tremendous pride in our ability to continue serving customers well and keep the nation's supply chain functioning.

However, railroading is a demand-driven business, so when our customers do not have end users demanding their products, our traffic suffers in direct correlation. Even in the short term, decreased demand for certain commodities could put significant strain on some individual short line railroads. In

the near term we also expect to continue seeing some minor disruptions to our supply chain. Our medium and long-term outlook depends on how quickly the economy recovers and broad demand for the products we move returns. A prolonged downturn would be expected to have a more severe impact on the smaller short lines in the industry and the independent short lines. Lastly, the economic uncertainty faced by our members, their customers, and state and local governments, combine to cloud the visibility needed to commit to long-term investment back into infrastructure.

*3) How have critical infrastructure employees been affected during the COVID-19 crisis while performing their duties, and what steps have your members taken to protect them?*

Our short line railroad members are following CDC, OSHA, and DHS/CISA guidance, and are doing everything possible to keep railroading safely. Safety has long been priority #1 in railroading, and that is even more so during this pandemic.

For most of the railroaders who do not need to be physically on-site, in the field or on a train, there has been a big increase in work from home flexibility.

As an industry we have seen in the low triple digits for total number of positive coronavirus cases, which is certainly more than we would like, but is significantly below the observed rate across the entire U.S. population. We are aggressively tracking cases across our railroads, communicating with employees about safe practices, and doing everything possible to make sure that those potentially exposed to the coronavirus are safely at home in self-quarantine.

The good news is freight railroading naturally lends itself well to physical distancing and does not require excessive person-to-person physical contact, so on-site railroad employees are able to largely able to do their job while maintaining safe distancing. This has been aided by the emergency waiver process at the FRA, discussed below.

In one extreme case, an entire railroad in Colorado suspended operations temporarily, while all their employees self-quarantined following two of them testing positive for COVID-19, however this is more the exception than the rule. Steps our railroads have reported taking to protect workers include securing PPE for their employees, split shifts and dispatch rooms, allowing telework whenever possible, and increased cleaning. Railroaders have been heroic and recognize their part in the nation's critical infrastructure; they are showing up, working, and taking pride in their jobs.

Many of our member railroad have responded to COVID-19 creatively to make sure essential work continues in a safe manner. Iowa Interstate Railroad (IAIS) has also safely continued their bridge project in the face of coronavirus. The railroad has brought the Booneville Bridge project to near completion over the past winter and spring with the help of CRISI grant funding that was awarded by USDOT in early 2019. IAIS has been able to safely execute this project because the work is conducted outside, by a small, heavily mechanized workforce working naturally at safe social distances. COVID-19 precautions are reviewed in each job safety briefing at an appropriate social distance. Reasonable precautions and workplace practices that already minimized social proximity have allowed this large infrastructure project to proceed without interruption. The first Council Bluffs to Chicago train is expected to use the completed bridge in early June. This may be the fastest, DOT-funded bridge project from award to completion ever executed, despite the challenges posed by COVID-19.

*4) The U.S. Department of Transportation has a number of authorities that can be utilized to respond to extraordinary and unanticipated events. How has the use of these authorities affected your members during the COVID-10 crisis, and are additional authorities needed to provide additional support to the transportation sector in unforeseen circumstances?*

As you know, each year FRA establishes an emergency docket for granting relief from its regulations necessary to enable railroads to continue to provide essential transportation services, safely, in the event of an emergency. FRA has been an excellent partner as we navigate railroading through a pandemic and the relief granted has been part of several measures (including following CDC and OSHA guidance) to keep railroaders safe.

The emergency relief granted to the railroads due to the COVID-19 pandemic can be divided into two categories: (1) to enable railroad employees to abide by social distancing requirements and guidelines; and (2) to provide relief from certain regulations in the event railroads face employee shortages due to illness, quarantine, child care responsibilities or other challenges that could prevent attendance at work.

FRA's grants of emergency relief specified strict conditions to be complied with by railroads utilizing the relief and included tracking processes for any relief exercised. FRA is also publishing a list of the emergency relief provisions exercised by each railroad in the emergency relief public docket. The emergency relief waivers granted by FRA are set to expire 60 days from the date of issuance, or on May 24, May 29, and June 9, respectively. At this point, we expect that most of the waivers aimed at social distancing will be maintained while most of the waivers aimed at employee shortages will be allowed to expire as those have largely proven unnecessary.

While FRA's regulatory relief has been very helpful in the short term and we are proud of our members' response in keeping employees safe and service running, the future remains uncertain, particularly in keeping infrastructure projects moving forward.

The best thing the federal government can do is provide as much stability and certainty as possible and be a strong partner on infrastructure projects that support jobs in the short and long term. Investments into short line freight rail infrastructure will help the economy recover and will at the same time provide useful transportation infrastructure that will benefit the country for generations to come. This is why we believe it is critical to make the short line (45G) tax credit permanent as well as increase funding for and tweak transportation grant programs like CRISI, INFRA, and the state freight formula program.

Lastly, this is not the time to make any long-term changes to controversial policies like truck size and weight limits or crew size. We have attached a one-page document that outlines our recommendations for a coronavirus recovery package.

Thank you for the opportunity to share the short line freight rail industry experience during the coronavirus pandemic, and all the efforts of your committee during this unprecedented time. We look forward to continued partnership as we work to keep serving our customers and communities safely and efficiently.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Baker', written in a cursive style.

Chuck Baker  
President, ASLRRRA

# SHORT LINE FREIGHT RAILROAD PRIORITIES FOR A STIMULUS OR INFRASTRUCTURE PACKAGE

*Supporting and Rebuilding the Economy in the Wake of Covid-19*



## THE SHORT LINE CONNECTION: A CRITICAL PIECE OF THE U.S. FREIGHT RAIL SYSTEM

 **First & Last mile of service**  
for 1 in 5 cars moving throughout the system each year.

**47,500**  
route miles  
are operated  
by short lines

**29%**  
of the freight  
rail network in  
the U.S.

**10,000+**  
customers are  
served by  
short lines

 **SHORT LINES PROVIDE 100% OF RAIL SERVICE IN 4 STATES, AND MORE THAN 25% IN 36 STATES.**  


Support for short lines in this time of crisis will keep goods moving and retain family-sustaining American jobs while building infrastructure useful in the immediate recovery and well beyond.

## FREIGHT RAILROADS' IMPACT DURING THE CORONAVIRUS PANDEMIC

America's freight railroads move approximately **40% of the nation's freight ton-miles**, including a vast array of goods critical to pandemic response, including fertilizer for crops, chemicals for medicines and food packaging, grain and corn for feeding animals, municipal waste to keep cities and towns clean, energy products for generating electricity, retail products to keep store shelves stocked with items for consumers, such as toilet paper, wheat for baking, and so much more.

Freight rail also provides significant public benefits for the environment, safety, mobility, and public infrastructure.

## ECONOMIC RECOVERY RECOMMENDATIONS

### TAX POLICY: 45G

#### MAKE THE SHORT LINE REHABILITATION TAX CREDIT (45G) PERMANENT

45G is the industry's most effective economic recovery tool, allowing short lines to continue to provide crucial connectivity across the country.

Short lines support nearly 500,000 employees in 49 states - 45G helps stimulate the economy by supporting new investments in rails, ties and bridges. These projects will improve service to communities and shippers, fueling economic recovery.

Making 45G permanent now will enhance the ability and willingness of short lines to invest during this period of economic uncertainty – particularly for larger projects involving long-lived assets such as bridges and new rail. The Short Line Tax Credit gives railroads the certainty needed to plan and make these investments today.

The credit is fast and efficient: no applications, waiting periods or government agreements are necessary before work can begin.

#### NO CONTROVERSIAL PROVISIONS

Congress should avoid including any controversial provisions like increasing truck size and weight limits or mandating railroad crew sizes. These provisions are longstanding policy debates, would cause more harm than good, and do nothing to help stimulate the economy.

### INFRASTRUCTURE GRANT PROGRAMS

#### EXPAND AND IMPROVE CRISI

- Fund at \$650m for first year with funding increases over the life of the bill.
- Reserve 50% of the program for short lines, rural or smaller projects.
- Cap non-federal share and prevent it from being a factor in application evaluation.
- Speed deployment through short deadlines for NOFO issuance, selection, and subsequent obligation.
- Increase FRA take-down percentage for program administration to help speed deployment.
- Extend eligible recipient definition to include associations of eligible recipients.

#### EXPAND AND IMPROVE INFRA GRANT PROGRAM AND THE STATE FREIGHT FORMULA PROGRAM (NHFP)

Make changes to allow stimulus dollars to go to the most effective and quickly completed projects - including important projects that can not over-match.

- Remove or increase the cap on non-highway portions of multimodal freight projects.
- Increase the small project set-aside from 10% to at least 25%.
- Prevent non-federal match from being a factor in evaluating projects.

