

CHAPTER 1: INTRODUCTION

The Kentucky Transportation Cabinet (KYTC) identified a need to update the 2002 Kentucky Statewide Rail Plan. The 2015 Kentucky Statewide Rail Plan defines goals, system strategies, and policies to improve the Kentucky rail transportation network and operations while conforming to the goals established in the 2006 KYTC Strategic Plan¹ and Kentucky's 2014 Long-Range Statewide Transportation Plan (LRSTP). In addition, this document consolidates information about Kentucky railroads and identifies future rail project goals to meet Federal Railroad Administration (FRA) requirements for federal funding eligibility.

A glossary of abbreviations has been provided in **Appendix A** for reference.

1.1 PURPOSE OF THIS PLAN

The 2015 Kentucky Statewide Rail Plan is a high-level policy guidance document. The purposes of the plan are:

1. To present information about the current state of operations of the rail mode in Kentucky, including rail issues for all stakeholders and the role of railroads in a multimodal environment; and,
2. To develop system-wide strategies and policies consistent with the goals of the KYTC Strategic Plan, the Kentucky LRSTP, and the United States National Freight Policy.

The information and policies gathered in the 2015 Kentucky Statewide Rail Plan will allow the KYTC to identify initiatives to improve rail service and to prioritize those initiatives based on public and private benefits.

The Passenger Rail Investment and Improvement Act of 2008 (PRIIA), codified as Public Law 110-432, stipulated the minimum content of state rail plans. The FRA guidance released in September 2013 further clarified the requirements.² The 2014 version of the Kentucky Statewide Rail Plan is Kentucky's mechanism to satisfy these requirements and provide a high-level policy guidance document for rail transportation in the Commonwealth. The FRA requires that state plans accomplish the following objectives:

- Broaden the understanding of rail issues for all stakeholders;
- Define the role of railroads in a multimodal environment;
- Identify infrastructure and other improvements required to improve rail service;
- Provide a framework to implement rail improvement initiatives;
- Develop methodologies to measure public and private benefits of rail improvements; and,

¹ Kentucky Transportation Cabinet Strategic Plan, 2006

² <http://www.fra.dot.gov/Elib/Details/L04760>, 2014

- Provide support and justification for federal and other rail funding.

1.2 KENTUCKY LEGISLATION RELATING TO RAILROADS

Following the abolition of the Kentucky Railroad Commission, the KYTC has been tasked with the responsibility of regulating railroads within the Commonwealth, pursuant to Kentucky Revised Statute (KRS) 174.057, as described below:

174.057 Railroad regulation -- Division of Planning – Administrative regulations.

The Transportation Cabinet shall have the responsibility of regulating railroads within the Commonwealth. The cabinet shall delegate to the Division of Planning within the Department of Highways' Office of Project Development the powers necessary to carry out the provisions of this section. The secretary may employ such personnel as necessary to perform the duties, functions, and responsibilities associated with the regulation of railroads. The division shall have all the powers previously vested in the Kentucky Railroad Commission. The cabinet shall promulgate administrative regulations under KRS Chapter 13A to carry out the provisions of this section. Effective: June 25, 2009

History: Amended 2009 Ky. Acts ch.13, sec 6, effective June 25, 2009 – Created 2000 Ky. Acts ch. 417, sec 1, effective December 1, 2000.

Legislative Research Commission Note (12/1/2000). The contingency on the effectiveness of this statute set by 2000 Ky. Acts ch. 417, sec. 18, was met, the voters of the Commonwealth having ratified at the general election on November 7, 2000, a constitutional amendment (see 2000 Ky. Acts ch. 399) abolishing the Railroad Commission.

Within the KRS and the Kentucky Administrative Regulations (KAR) are a number of statutes and regulations that relate directly to the rail system, rail safety, and the Rails to Trails Program. Those related to rail safety and the Rails to Trails Program are presented in **Chapters 5 and 6**, respectively. Miscellaneous rail statutes are presented in **Appendix B**. These statutes address a broad range of rail-related topics and are provided for additional reference. Those enforcement duties not transferred to the KYTC are the responsibility of local government.

1.2.1 Constitutional Constraints

The state highway fund is constitutionally mandated to be used only on highways, via Section 230 of the Kentucky Constitution, as listed below:

Section 230: Money not to be drawn from Treasury unless appropriated – Annual publication of accounts – Certain revenues usable only for highway purposes.

No money shall be drawn from the State Treasury, except in pursuance of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published annually. No money derived from excise or license taxation relating to gasoline and other motor fuels, and no moneys derived from fees, excise or license taxation relating to registration, operation, or use of vehicles on public highways shall be expended for other than the cost of administration, statutory refunds and adjustments, payment of highway

obligations, costs for construction, reconstruction, rights-of-way, maintenance and repair of public highways and bridges, and expense of enforcing state traffic and motor vehicle laws.

Any rail funding provided by the state originates from the Kentucky General Fund and competes against other statewide needs. There is no dedicated source of state funding for rail projects. More information about state funding can be found at <http://www.kentucky.gov>. All constitutional amendments regarding rail can be found in **Appendix B**.


1.2.2 KAR Title 603, Chapter 7, Section 090

In order to monitor Kentucky's rail system, the KYTC promulgated KAR Title 603, Chapter 7, Section 090 to regularly update railroad data. This regulation requires that all freight railroads must submit the following information to the KYTC:

- Kentucky Railroad Annual Report (Form TC 59-102), which can be found in **Figure 1-1**;
- Map of all active routes;
- Written notice of abandonments; and,
- Reports of accidents resulting in a loss of life.

The annual report and map of all active routes are to be submitted to the KYTC's Division of Planning on or before March 31st of each year. With these procedures in place, the KYTC has information readily available for reference purposes, future updates of the Kentucky Statewide Rail Plan, and other planning efforts the KYTC may pursue. For additional information concerning KAR 603 7:090, see **Appendix B**.

Figure 1-1: Kentucky Railroad Annual Report Form



Kentucky Transportation Cabinet
Division of Planning

KENTUCKY RAILROAD ANNUAL REPORT

TC 59-102
01/2014
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RAILROAD INFORMATION

YEAR: January 1 - December 31,

NAME OF RAILROAD

CONTACT NAME & TITLE

ADDRESS

CITY, STATE, ZIPCODE

EMAIL ADDRESS

PHONE NUMBER

Contact for Public Relations (Name, Email, Phone #)

Contact for Rail Infrastructure Planning (Name, Email, Phone #)

TOTAL MILES OF TRACK OWNED AND/OR OPERATED ON AT CLOSE OF YEAR WITHIN KENTUCKY

RAILWAY OPERATING REVENUE EARNED WITHIN KENTUCKY

RAILWAY OPERATING EXPENSES WITHIN KENTUCKY

FREIGHT REVENUE HAULED DURING THE YEAR WITHIN KENTUCKY

ROAD PROPERTY & EQUIPMENT INVESTMENT

	BOOK VALUE BEGINNING OF YR	ASSET ADDITIONS	ASSET RETIREMENTS	BOOK VALUE ENDING BALANCE	ACCUMULATED DEPRECIATION	NET BOOK VALUE
LAND						0
ROAD PROPERTY						0
LOCOMOTIVES						0
FREIGHT CARS						0
OTHER						0
TOTAL	0	0	0	0	0	0

ROAD PROPERTY & EQUIPMENT LEASED

	BOOK VALUE BEGINNING OF YR	ASSET ADDITIONS	ASSET RETIREMENTS	BOOK VALUE ENDING BALANCE	ACCUMULATED DEPRECIATION	NET BOOK VALUE
LAND						0
ROAD PROPERTY						0
LOCOMOTIVES						0
FREIGHT CARS						0
OTHER						0
TOTAL	0	0	0	0	0	0

Source: Kentucky Transportation Cabinet (KYTC), 2014

1.3 KYTC OBJECTIVES FOR THE RAIL NETWORK

The KYTC's mission is to provide a safe, efficient, environmentally sound, and fiscally responsible transportation system that delivers economic opportunity and enhances the quality of life in Kentucky. With regard to rail transportation, the KYTC's goal is to support and work with private rail carriers to provide a safe, reliable, efficient, and effective rail transportation system for the movement of passengers and freight within the Commonwealth as well as connect Kentucky to domestic and international markets. The KYTC recognizes that an effective rail system will help alleviate highway congestion, contribute to economic development, improve public safety, improve energy efficiency, and reduce greenhouse gas emissions. The following goals and objectives, consistent with the KYTC Strategic Plan, are established as part of the Kentucky Statewide Rail Plan.

1.3.1 Preservation

Encourage the preservation of the largely privately owned and operated rail system within Kentucky.

Objectives (Actions)

- Provide periodic updates to the Kentucky Statewide Rail Plan to include location, use, and condition of the rail system within the state;
- Work with stakeholders to preserve rail service where it is in the public interest, and to preserve rail right of way where service preservation is not possible or justified;
- Maintain a statewide program of public, highway-rail at-grade crossing evaluations; and,
- Assist in identifying reliable funding sources for the rail system from federal, state, and local governments, as well as the private sector, in order to improve rail infrastructure, maintain safety of operations, and sustain and grow rail traffic.

1.3.2 Economic Development

Support economic development by working to provide roadway connectivity to the state and national rail system and intermodal facilities.

Objectives (Actions)

- Identify rail-intermodal locations and opportunities for effective freight transportation;
- Develop and promote efficient connectivity of the rail system;
- Develop roadway access as needed to rail intermodal facilities, including rail at riverports, rail at airports, and rail at other freight transloading facilities;
- Work with regional and short line (Class II and Class III) railroads to link Kentucky's Class I railroad operators and other major rail operators in Kentucky; and,

- Share the location of rail-served communities and industrial sites with economic development groups throughout the state.

1.3.3 Customer Relationships/Transportation Planning Process

Strengthen customer relationships with the rail industry through communication, cooperation, and information exchange in the KYTC transportation planning process.

Objectives (Actions)

- Communicate with Metropolitan Planning Organizations (MPOs) and other planning organizations regarding rail-intermodal issues and the role of intermodal facilities;
- Involve the railroads in the KYTC transportation planning process, including the development of the Kentucky LRSTP and the KYTC Statewide Rail Plan, as well as in the KYTC project development process;
- Maintain a record of locations of rail and intermodal facilities in Kentucky; and,
- Cooperate with railroads, transportation advocates, and others in the exchange of current information and ideas regarding the rail industry.

1.3.4 Safety and Security

Enhance highway-railroad at-grade crossing safety and reliability to ensure mobility and maintain safe access.

Objectives (Actions)

- Coordinate identification of highway-rail at-grade crossings for enhanced warning devices, grade separation, and/or closure; and,
- Improve rail safety and security through support of rail safety programs.

1.4 HISTORY OF RAIL IN KENTUCKY

Kentucky has a rich railroading heritage dating back to the 1830s when the Lexington and Ohio Railroad was chartered with state dollars. The charter called for building the railroad from Lexington to the Ohio River. By 1834, the railroad had reached Frankfort, but not without setbacks. When disagreements on the Ohio River landing point near Louisville were finally settled, local opposition had prevailed and sections west of Frankfort were not fully connected to those near Louisville. The railroad changed ownership during economic hard times and ultimately failed. The state confiscated its assets as repayment.

The Louisville and Nashville (L&N) Railroad, an iconic railroad name, was chartered in 1850 by Kentucky with state dollars and grew into one of the most successful private businesses of its day. The railroad provided both passenger and freight services continuously under one name in the Southeastern United States for 132 years, surviving the Civil War as well as national

economic boom and bust cycles including the Great Depression. By October 1859, the actual namesake run from Louisville to Nashville, Tennessee (a distance of 187 miles) was possible, with a total cost of over \$7 million for the infrastructure. It was not until the 1860s that the L&N, nicknamed "Old Reliable," began to thrive in Kentucky. At that time, the mainlines of the L&N and other railroads provided access to industrial development, mining sites, and many towns and cities typically isolated by low water on navigable waterways or lack of roadways. Kentucky and the L&N were also important to Union troop and supply movements during the Civil War. Rail lines running throughout Kentucky were used to supply Union troops with food, ammunition, and medical and other supplies deep into contested territory throughout the war. This led to Confederate forces often raiding the trains.³

The 1870s were the dawn of a new era in Kentucky's transportation history. More markets in Kentucky, the South, and the Eastern Seaboard, cheaper goods, and expanded shopping facilities combined to produce the "Age of Railroading". Railway mileage in Kentucky tripled between 1870 and 1900. Public and private railways sprang up, connecting even the smallest towns. Yet, no widespread competition between the railroads and the state's turnpikes occurred because no system of state highways existed in Kentucky at the time. Counties were responsible for roadway construction and maintenance. Many roads were in such bad condition that residents traveled them only as a last resort.⁴

As with most states, railroads contributed significantly to the early economic growth of Kentucky. They provided a cost effective means to transport tobacco and other agricultural products from farms to eastern markets and to ports for shipment to global markets. The railroads provided access to Kentucky's natural resources of coal and limestone deposits, stimulating the growth of the mining industry in the state. Thanks to improved rail transportation, total coal production rose to one million tons in 1879. By the end of the century, the output equaled more than five million tons. The eastern coal industry welcomed the railroads as an alternative to the uncertainties of slack water navigation. Due to geography, the mountain railroads had to follow the course of the waterways, with tracks often clinging to riverbanks.

Railroads also greatly altered the lifestyles of all but the most isolated Kentuckians by stimulating the industrial and economic development of the state. In addition to facilitating the movement of goods, the railroads also improved the mobility of people living in or visiting the state. The ability of people to move fluidly among economic centers improved commerce among those centers and also supported population migration to areas of increasing activity.

³ Excerpted from *History of Railroad in Kentucky*, William Strategier, December 1950, Gist Historical Society

⁴ Excerpted from Kentucky Educational Television (KET), *Kentucky's Story, Part 8*, undated online documentation, 2014

In the 19th and 20th centuries, the railroads provided needed linkages for both passengers and freight across Kentucky, complementing the newly constructed roadways. Trucks and personal vehicles, however, proved to be too much competition for the railroads, especially after World War II. Rail companies suffered financially and those that were not profitable went out of business.

In an initial effort to reverse the ill fortunes of the railroads after World War II, Amtrak was formed by the federal government to absorb the highly unprofitable passenger rail businesses. While this helped a number of the railroads, the northeastern and many Midwestern railroads were still facing bankruptcy in the 1960s. To save the rail industry in those parts of the country, the failed railroads were combined in 1976 into a new federally created and federally supported company, Conrail, with many unprofitable lines eliminated as part of the consolidation. However, it was not until passage of the Staggers Act in 1980, which essentially deregulated the railroads, that the industry began its turnaround. The Staggers Act gave the railroads pricing freedom and operating flexibility to compete better with motor carriers and permitted them to more easily shed unprofitable lines. Significant merger activity also occurred, eliminating costly redundant lines. In the newly deregulated environment, railroads began to build the capital to invest heavily in their properties. The railroads, without the burden of passenger service and now carrying only freight, had reversed their decline and had become a significant economic force in the country.

Consequently, despite the development of the interstate and state highway systems and the growth of the motor carrier industry, freight railroads still play an important role in the economy of Kentucky. Improvements in service, successful efforts to reduce costs, and growing recognition of the economic, safety, and environmental benefits of rail transportation have increased the demand for transporting freight by rail.

The Kentucky Railroad Commission⁵ (RRC) was formed in 1880 as a statutorily created agency. From 1880 to 1891, the Governor appointed the members of the commission. In 1891, the Constitution established a three-member commission and the commission as a body was in place until November 2000. Each member was elected from separate districts for four-year terms. In the early years, the RRC was responsible for examining the railroad business within the state, reviewing compliance with rail laws, and holding related hearings. This responsibility changed over time. During the 1930s, the federal government became more focused on the regulation of interstate commerce, taking over roles that formerly were left to states and their rail commissions. Finally, in the early 1980s, after the passage of the Staggers Act, the federal government was authorized to deregulate interstate rail transportation, leaving the RRC with little regulatory and enforcement authority.

⁵ Kentucky Legislative Research Commission: Proposed Elimination of Railroad Commission Amendment, 2000

By vote in the November 2000 elections, Kentucky General Assembly, Constitutional Amendment No. 2 was passed, which amended Sections 201, 209, and 218 of the Constitution of Kentucky, and abolished the RRC. The administrative duties of the RRC were subsequently transferred to the KYTC Division of Planning, within the Department of Highways' Office of Project Development. A complete copy of the statutes impacted by the changes is included in **Appendix B.**