



OHIO RAIL DEVELOPMENT COMMISSION

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Mike DeWine, Governor • Mark Policinski, ORDC Chairman

Executive Director Matthew Dietrich
Ohio House Finance Subcommittee on Transportation
April 11, 2019

Chairman Greenspan, Ranking Member Skindell, and members of the Transportation Subcommittee, thank you for the opportunity to offer testimony on the Rail Development appropriation in House Bill 166. My name is Matthew Dietrich and I am the Executive Director of the Ohio Rail Development Commission (ORDC).

Rail transportation is key to connecting Ohio companies with their suppliers and markets worldwide. As Director Marchbanks mentioned in his testimony, Ohio ranks 4th in the nation in rail miles and 3rd in the nation for intermodal facilities. Ohio is ranked among the top 10 states in *originating* tonnage of coal; farm products; crushed stone, sand, and gravel; intermodal; food products; metallic ores; primary metal products; and waste and scrap. Ohio is also ranked among the top 10 in *terminating* tonnage of coal; chemicals; intermodal; crushed stone, sand, and gravel; food products; metallic ores; and waste and scrap. Additionally, rail in Ohio is more truck competitive, moving, on average, smaller trains shorter distances than the national average. Taken as a whole, the freight rail industry contributes \$2.8 billion to Ohio's economy annually.

Working with our partners at JobsOhio, local economic development officials and port authorities, we know that effective rail service is often a requirement for business attraction and retention efforts. ORDC helps the state and local communities leverage the economic opportunities provided by rail service and mitigate the safety and quality of life concerns that arise because of rail infrastructure.

Funding for ORDC's grade crossing safety programs, operations, and revolving loan fund was included in the Transportation Budget, Am. Sub. H.B. 62, and we appreciate the legislature's support of those activities. In addition to direct financial participation in rail projects, we provide technical assistance to railroads and communities, coordinate projects with railroad-roadway interaction, and administer funds awarded by other agencies, such as metropolitan planning agencies and the Ohio EPA.

Today, I am here to ask for your support of ORDC's Freight Rail Development Program (DOT line item 776465). In 2017 and 2018, ORDC worked with local communities, JobsOhio and its regional affiliates, economic developers, port authorities, and other entities to provide direct funding assistance to 36 projects. ORDC uses the funding you are considering today to provide the *only* dedicated funds for rail-related economic development in the state.

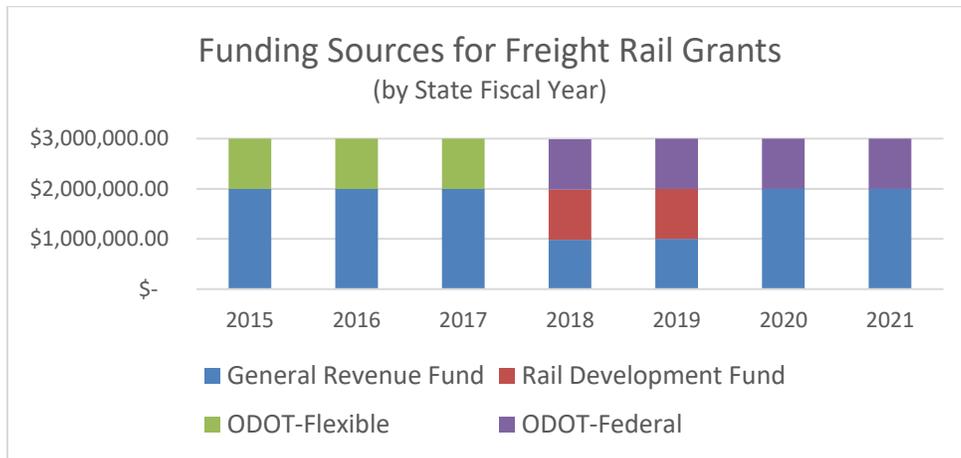
In the last two fiscal years, recipients were awarded a total of \$5.9 million in grant funds and \$790,000 in loans. These approved projects are contracted to create or retain over 2,800 jobs and support an additional 7,500 jobs. ORDC's support is expected to leverage \$189 in other investment, mostly from private sources, for every \$1 of ORDC funding.

Projects supported by ORDC ranged from helping the Toledo Port Authority provide dock-to-industry rail connections for a \$700 million hot briquetted iron plant at the Port of Toledo to assisting a bio-based specialty chemical producer in Cleveland get rail service to an industry location dating from the 1800s to preservation and enhancement of rail capacity to serve food manufacturers and explosives makers in Southeastern Ohio. If it involves rail infrastructure and job creation and investment, we are most likely at the table with our economic development partners.



A map showing our 2017 and 2018 project locations has been provided to the Subcommittee and is also available on our website at www.rail.ohio.gov.

From 2015 through 2017, ORDC had \$3 million available annually for freight rail grants. In fiscal years 2018 and 2019, ORDC used \$1 million per year from its Rail Development Fund (revolving loan fund) to manage a GRF reduction and maintain the program. However, this strategy is not sustainable for a revolving loan fund. The Executive Budget proposes restoring the GRF appropriation to 2017 levels and ORDC is asking for your support of this funding. Without the funding levels proposed in the Executive Budget, the Freight Rail Development Program faces a significant reduction in fiscal years 2020 and 2021.



ORDC has a long history of working with state and local economic development partners to support job creation and retention in Ohio. ORDC staff are currently working on active projects that seek more than \$6.8 million in ORDC funding assistance. That does not include the more than 100 rail projects that were identified as part of the recently completed State Rail Plan. We know the need is there and we will strive to do our best to make sure that Ohio can get the most out of these opportunities with the resources we are provided. We look forward to continuing these partnerships and ask for the Transportation Subcommittee's support of funding to help meet these ongoing development needs. Thank you for your time and I am happy to answer questions from the Subcommittee members.