



OHIO RAIL DEVELOPMENT COMMISSION

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John R. Kasich, Governor • Mark Policinski, ORDC Chairman

Testimony to the Ohio House of Representatives Finance Subcommittee on Transportation

Chairman McColley, Ranking Member Reece, and members of the Finance Subcommittee on Transportation,

Thank you for the opportunity to present testimony on behalf of the Ohio Rail Development Commission (ORDC). My name is Matt Dietrich and I am the Executive Director of the ORDC. In addition to my testimony, I invite you to visit our website at rail.ohio.gov for our annual report and more information about the Commission. The total funding proposed for ORDC in the Executive Budget is \$21.2 million per year.

Rail Transportation in Ohio

To quote Director Wray of the Ohio Department of Transportation (ODOT), “in a state that makes things and grows things, it is essential to have the ability to move things efficiently and safely.” This applies to our highway system and also to the rail network. Rail transportation plays a key role for Ohio’s industries and the ORDC’s programs serve as a catalyst for economic growth. Effective rail service, either directly or via intermodal service, is commonly a prerequisite for business attraction and retention in the state.

The interest in rail service brings both economic development opportunities and safety considerations. ORDC’s purpose is to promote the opportunities and mitigate the concerns. We accomplish these goals in three ways: working with state and local economic development officials to fund necessary rail infrastructure to promote investment and job creation and retention in the state; working with the Public Utilities Commission of Ohio and ODOT on railroad-highway grade crossing safety improvements; and working with ODOT and local highway authorities on road projects that require railroad coordination. Appropriations for our grade crossing safety programs were considered by this panel during hearings on House Bill 26. We appreciate your support of these activities. For today’s testimony, I will focus on our economic development activities, for which funding is split between House Bills 26 and 49.

ORDC’s Economic Development Activities

We partner with JobsOhio, its regional affiliates, railroads, companies and communities to support job creation and retention. The Commission’s contributions range from direct financial assistance in the form of grants and loans to technical assistance to communities and companies. Ohio companies across a broad array of industries including manufacturing, warehousing, agriculture, mining, energy and retail rely on rail transportation. Projects include the rehabilitation of existing infrastructure, construction of new rail connections, and expansion of existing rail capacity. We select projects based on their expected impacts on Ohio jobs, including the creation of new jobs and retention and support



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of existing jobs. In addition to the job impact, we assess potential projects for environmental benefits, safety enhancements, and efficiency improvements.

During fiscal years 2015 and 2016, ORDC provided grant and/or loan assistance for rail infrastructure to 39 economic development projects. As shown in the table, these projects are expected to affect 27,600 Ohio jobs and to leverage \$37 in other investment, almost all privately funded, for every \$1 of ORDC support. In addition to employment benefits and transportation cost savings for shippers, the rail infrastructure we assisted with over this period is expected to generate other public benefits including more than \$16 million in fuel savings (vs. highway transportation), more than \$2 million in highway maintenance cost savings, and the elimination of more than 177,000 truck trips. A map of project locations is available on page 4 of my testimony.

Expected Outcomes of ORDC Approved Projects
(Fiscal Years 2015-2016)

| | |
|-----------------------------|-----------------|
| <i>Jobs Created</i> | 1,000 |
| <i>Jobs Retained</i> | 700 |
| <i>Jobs Supported</i> | 25,900 |
| Total Jobs Affected | 27,600 |
| <i>ORDC Funds Invested</i> | \$8,700,000 |
| <i>Other Funds Invested</i> | \$322,300,000 |
| ORDC Leveraging Rate | \$37:\$1 |

To better illustrate the impacts of ORDC’s economic development assistance, I would like to highlight some projects that we recently supported.

- For the Sofidel America Corporation project in Circleville (#14 in blue on the map), ORDC provided a \$255,000 grant to assist with approximately \$1.1 million in on-site rail improvements. Sofidel America is a manufacturer of paper products and selected Circleville as the site of its first greenfield facility in the United States. The total project investment is estimated at \$259 million and the company has agreed to create 310 new jobs. ORDC joined a partnership that included JobsOhio, Columbus 2020, ODOT, and the local community to attract this project to Ohio.
- Two projects with the Napoleon, Defiance, and Western Railway support existing shippers and future economic development along the northwest Ohio “Fort to Port” corridor. The cost of construction of both projects is being equally shared by ORDC and the railroad.
 - The first project (#10 in red on the map) is a partnership between ORDC and the railroad to maintain safe and efficient rail service to companies on the line. The segment of track targeted with this project connects the east and west ends of the line and helps customers access competitive rail service. The rail users on the line employ approximately 2,200 people.
 - The second project (#10 in blue on the map) is a partnership between ORDC and the railroad to construct a new rail-to-truck transload facility in Napoleon. Construction of the facility will allow the railroad to market rail service to area industries that do not have direct rail connections but could benefit from cost savings associated with rail access.

These projects are representative of the work that ORDC does statewide to support rail-related job creation and retention.

The Subcommittee may note that the General Revenue Fund appropriation for ORDC declines from \$2 million in the current fiscal year to \$1 million in FY 2018, then returns to the historical \$2 million level in FY 2019. ORDC supports this executive recommendation, which also includes the spend-down of fund balances in the Rail Development Fund to maintain current program levels. ORDC requests the Subcommittee's support of the executive proposal to ensure sustainability of the Rail Development Fund in future years.

Conclusion

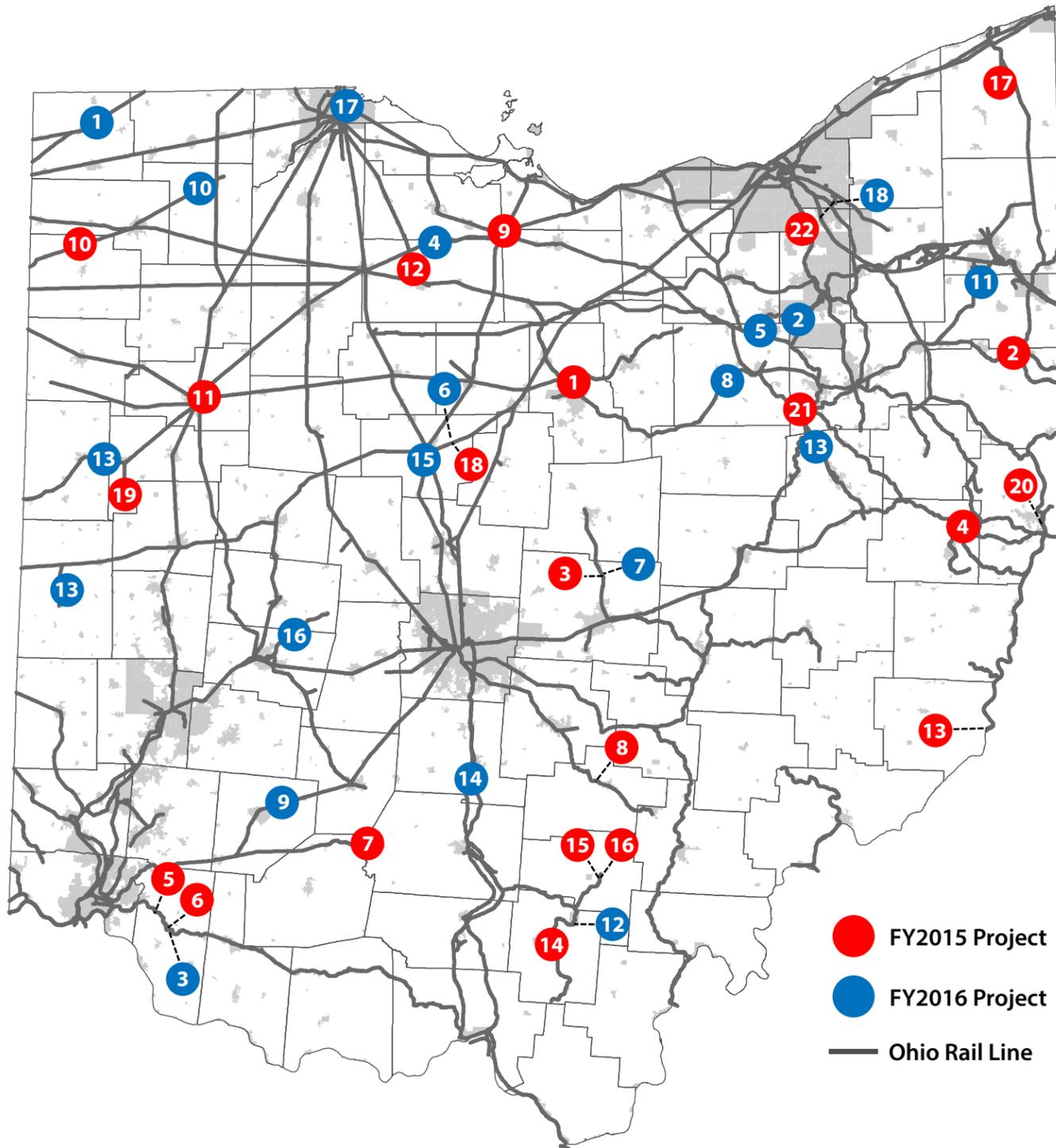
Mr. Chairman, thank you again for the opportunity to testify today on behalf of the Ohio Rail Development Commission. The ORDC has a strong history of partnerships with communities, companies, and railroads and we look forward to continuing this work in the coming biennium. I am happy to answer any questions from you and the subcommittee members.



2015-2016 ORDC Freight Projects

Ohio Rail Development Commission
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● FY2015 Project
● FY2016 Project
— Ohio Rail Line

| FY15 Project | ORDC Funding | | Other Funding | | Total Funding | Job Impact | | | Total Jobs |
|--|--------------|------------|---------------|------------|---------------|-----------------------|----------|-----------|------------|
| | Grant | Loan | Private | Public | | Created | Retained | Supported | |
| 1 ASRY Bowman Yard | \$ 268,000 | \$ - | \$ 268,000 | \$ - | \$ 536,000 | - | - | 400 | 400 |
| 2 Buckeye Transfer Realty | \$ - | \$ 350,000 | \$ - | \$ - | \$ 350,000 | - | - | 25 | 25 |
| 3 C&OR Mt. Vernon Emergency Bridge Repairs | \$ 150,000 | \$ - | \$ 150,000 | \$ - | \$ 300,000 | - | - | 1,100 | 1,100 |
| 4 Cadiz Branch Property Swap | \$ - | \$ - | \$ - | \$ - | \$ - | - | - | 40 | 40 |
| 5 CCET Emergency Repairs | \$ 34,895 | \$ - | \$ - | \$ - | \$ 34,895 | See next CCET project | | | - |
| 6 CCET Peavine Improvements | \$ 123,714 | \$ - | \$ 442,215 | \$ 250,000 | \$ 815,929 | - | - | 237 | 237 |
| 7 Greenfield Emergency Bridge Repairs | \$ 200,000 | \$ - | \$ - | \$ - | \$ 200,000 | - | - | 250 | 250 |
| 8 Indiana & Ohio Logan Line | \$ 422,356 | \$ - | \$ 422,356 | \$ - | \$ 844,712 | - | - | 2,617 | 2,617 |
| 9 Mitsubishi Chemical Polymers | \$ 155,500 | \$ - | \$ 2,765,000 | \$ 325,500 | \$ 3,246,000 | 25 | 88 | - | 113 |
| 10 ND&W Phase III | \$ 200,000 | \$ - | \$ 208,125 | \$ - | \$ 408,125 | - | - | 2,200 | 2,200 |
| 11 Nelson Packaging | \$ 75,000 | \$ 500,000 | \$ 857,216 | \$ - | \$ 1,432,216 | 140 | 211 | - | 351 |
| 12 NOW Crossing Surface Reconstruction | \$ 100,000 | \$ - | \$ 100,000 | \$ - | \$ 200,000 | - | - | 530 | 530 |
| 13 Ohio Terminal Railway | \$ 500,000 | \$ - | \$ 1,280,500 | \$ - | \$ 1,780,500 | - | - | 220 | 220 |
| 14 OSCR Meridian Transload | \$ - | \$ 208,000 | \$ - | \$ - | \$ 208,000 | - | - | - | - |
| 15 OSCR Phase II* | \$ 213,235 | \$ - | \$ 105,027 | \$ - | \$ 318,262 | - | - | 250 | 250 |
| 16 OSCR Relay Tie Purchase | \$ 126,000 | \$ - | \$ 126,000 | \$ - | \$ 252,000 | - | - | 2,700 | 2,700 |
| 17 PresRite Property Swap | \$ - | \$ - | \$ 250,000 | \$ 6,294 | \$ 256,294 | - | - | 66 | 66 |
| 18 ReConserve of Ohio Spur | \$ 50,000 | \$ - | \$ 4,000,000 | \$ - | \$ 4,050,000 | 16 | 21 | - | 37 |
| 19 RJC Minster Line Bridges | \$ 75,000 | \$ - | \$ 77,750 | \$ - | \$ 152,750 | - | - | 250 | 250 |
| 20 Strauss Industries/River Rail | \$ 75,000 | \$ 325,000 | \$ 178,000 | \$ - | \$ 578,000 | 24 | 12 | - | 36 |
| 21 W&LE Brewster Yard Expansion | \$ 400,000 | \$ - | \$ 433,621 | \$ - | \$ 833,621 | - | - | 10,150 | 10,150 |
| 22 W&LE Solon Branch Rehab | \$ 330,000 | \$ - | \$ 495,000 | \$ - | \$ 825,000 | - | - | 470 | 470 |

| FY16 Project | ORDC Funding | | Other Funding | | Total Funding | Job Impact | | | Total Jobs |
|---|--------------|------------|----------------|---------------|----------------|------------|----------|-----------|------------|
| | Grant | Loan | Private | Public | | Created | Retained | Supported | |
| 1 20/20 Custom Molded Plastics | \$ 50,000 | \$ - | \$ 200,000 | \$ - | \$ 250,000 | 53 | 143 | - | 196 |
| 2 ABC Railway Bridge #5 | \$ 350,000 | \$ - | \$ 960,055 | \$ - | \$ 1,310,055 | - | - | 87 | 87 |
| 3 CCET Peavine Improvements | \$ 126,286 | \$ - | See FY15 | | \$ 126,286 | See FY15 | | | - |
| 4 Church & Dwight Corporation Inc | \$ 100,000 | \$ - | \$ 2,400,000 | \$ - | \$ 2,500,000 | 20 | 216 | - | 236 |
| 5 City of Rittman Bridge Rehabilitation | \$ 25,000 | \$ - | \$ 12,500 | \$ 12,500 | \$ 50,000 | - | - | 270 | 270 |
| 6 CSX Marion Power Switches | \$ 250,000 | \$ - | \$ 356,848 | \$ - | \$ 606,848 | - | - | 100 | 100 |
| 7 CUOH Mt Vernon Line Riverbank Stabilization | \$ 182,000 | \$ - | \$ 318,000 | \$ - | \$ 500,000 | See FY15 | | | - |
| 8 GOJO Industries Inc. | \$ 250,000 | \$ - | \$ 40,549,000 | \$ 2,201,000 | \$ 43,000,000 | 244 | - | - | 244 |
| 9 Melvin Stone Spur | \$ 50,000 | \$ 500,000 | \$ 650,000 | \$ - | \$ 1,200,000 | - | - | 100 | 100 |
| 10 ND&W Napoleon Transload | \$ 285,048 | \$ - | \$ 285,048 | \$ - | \$ 570,096 | - | - | 20 | 20 |
| 11 NS Lordstown Branch Rehabilitation | \$ 285,500 | \$ - | \$ 205,500 | \$ - | \$ 491,000 | - | - | 80 | 80 |
| 12 OSCR Hamden to Jackson Rehabilitation | \$ 132,172 | \$ - | \$ 140,066 | \$ 24,125 | \$ 296,363 | See FY15 | | | - |
| 13 RJ Corman Cleveland & Western Lines Rehab | \$ 444,955 | \$ - | \$ 529,385 | \$ - | \$ 974,340 | - | - | 3,700 | 3,700 |
| 14 Sofidel America Corporation Inc | \$ 255,000 | \$ - | \$ 246,619,000 | \$ 12,126,000 | \$ 259,000,000 | 310 | - | - | 310 |
| 15 Union Tank Car Company | \$ 75,000 | \$ - | \$ 1,425,000 | \$ - | \$ 1,500,000 | 200 | - | - | 200 |
| 16 WESTCO Mechanicsburg Line Bridges | \$ 150,000 | \$ - | \$ - | \$ 150,000 | \$ 300,000 | - | - | 12 | 12 |
| 17 WLE Maumee River Bridge | \$ 300,000 | \$ - | \$ 300,000 | \$ - | \$ 600,000 | - | - | - | - |
| 18 WLE Solon Branch - Additional Work | \$ 50,000 | \$ - | \$ 50,000 | \$ 10,000 | \$ 110,000 | See FY15 | | | - |

*Funding redirected to FY16 OSCR project.

| FY15 and FY16 Totals | ORDC Funding | | Other Funding | | Total Funding | Job Impact | | | Total Jobs |
|----------------------|--------------|--------------|----------------|---------------|----------------|------------|----------|-----------|------------|
| | Grant | Loan | Private | Public | | Created | Retained | Supported | |
| | \$ 6,859,661 | \$ 1,883,000 | \$ 307,159,212 | \$ 15,105,419 | \$ 331,007,292 | 1,032 | 691 | 25,874 | 27,597 |