

Ohio House Transportation Committee

February 11, 2025

The Honorable Bernard Willis, Chairman

Subject: Ohio H.B. 54 Provisions on Railroads and the Ohio Rail Development Commission

Chairman Willis, Vice Chair Daniels, Ranking Member Grim, and Members of the Ohio House Transportation Committee:

My name is Brendan Keener, and I'm the Vice President of Commercial Development at Midwest & Bluegrass Rail, LLC. In Ohio, we are the owner and operator of the Youngstown & Southeastern (Y&S) Railroad, which is a shortline railroad providing freight service to customers and communities in Mahoning and Columbiana Counties. I'm also the past Chairman of the Ohio Railroad Association. Thank you for the opportunity to offer my testimony today.

Shortline railroads operate rail lines that typically see lighter freight traffic densities and serve smaller communities – often in rural areas – compared to the mainline routes operated by the large Class I railroads with whom we connect for access to nationwide markets. Over the last 40+ years, shortline railroads have revived many low-grade rail lines by implementing flexible operating models and localized marketing efforts. As a result, rail lines otherwise destined for dismantling are now successful enterprises fostering economic growth and job creation throughout Ohio.

While Ohio's shortline railroads have stopped the proverbial bleeding of Ohio's rail infrastructure serving smaller communities, the capital-intensive demands of the railroad business make it extremely difficult to "get ahead of the game" with true expansions and strategic projects. Many rail bridges are over 100 years old, and there are more at-grade rail crossings than there are miles of track in the State of Ohio. Maintenance of all these bridges, crossings, and tracks often require over a quarter of a shortline railroad's revenue (27% in our case) just to maintain at status quo in a typical year. That's where the Ohio Rail Development Commission (ORDC) comes into the story.

ORDC has an outsized positive impact on both Ohio's rail network as well as the safety of motorists at crossings where the traveling public most directly interacts with railroads. Safety is top of mind for all railroaders, as it is for ORDC. At-grade crossings of public roads and railroads are one of the biggest safety challenges faced by railroads, especially in a State with such a high density of rail lines and crossings as Ohio. ORDC's grade crossing safety improvement program combines public funds with a data-driven and collaborative approach to identify crossing projects across the state which will yield the greatest safety return on investment. We support the language in House Bill 54 which maintains funding for this ORDC program.

In addition to the clear safety benefits of ORDC's grade crossing safety improvement program, ORDC also uses its allocated \$6 million per year to stimulate private investment and draw federal funds into Ohio's rail network. ORDC deploys these funds through competitive grants for which railroads and industries can apply. These grant awards are used for projects such as upgrading rail

tracks, ties, and ballast and strengthening bridges. These projects bring greater efficiencies, one of which is the capacity to move more freight. They are also used to add new spurs and sidetracks and build rail-to-truck transload facilities, extending the effective reach of economical rail shipment to customers that otherwise would not have access to it. Finally, ORDC leverages its GRF allocation in the form of matching funds to pull federal grant money into Ohio's transportation system via freight rail infrastructure.

As a railroad who has both benefited from and been in the front row to witness the rail projects ORDC has catalyzed across the State, I feel confident to say that there could not be a better steward of public funds than the Ohio Rail Development Commission. Not only does the direct use of their allocated funds lead to immediate economic and safety benefits in Ohio... But their staff's expertise and adeptness (with stunning success rates) at navigating the federal funding and environmental processes allows shortline railroads like ours to realize projects that would almost certainly have never happened but for ORDC. The continuation of ORDC's \$6 million allocation in House Bill 54 is appreciated, but I want to stress that their programs continue to be oversubscribed by quality project applications beyond the reach of their current funding levels.

Finally, I'd like to highlight the issue of wayside detector systems on shortline railroads. Wayside detectors are devices that can detect and alert train crews to potential equipment issues on their trains while in motion. However, they are not designed to effectively function at the low speeds typical of shortline rail tracks. The General Assembly passed legislation in 2023 mandating wayside detectors installations on all railroads in Ohio. Last year, we worked with legislators and stakeholders to develop Senate Bill 250, which would refine these requirements for shortline railroads in a common-sense way that still maintains safety. Please consider including this language in House Bill 54.

Thank you for your time today, your service to the State of Ohio, and your consideration of the rail-related provisions in House Bill 54.