



# T-LINK – Short Line Rail Packages

Summary of Possible Scenarios  
10/14/08



## Current Funding Levels & Program Structure

The State currently provides \$3 million annually for short line rail loan/grant program. The current loan program operates under a 70% loan, 30% match structure. Funds are utilized for rehabilitation, refinancing and rail car purchase.

## Current Needs Estimate- \$20 million annually

KDOT estimates it would take \$20 million annually to meet the needs of short line rail. There is more than 390 miles of 90-pound rail that needs to be replaced with 115-pound rail. And more than 550 miles that need major rehab in order to increase operating speeds to 25 mph.

## Current Program’s Strengths and Weaknesses

<u>Strengths:</u>	<u>Weaknesses:</u>
<ul style="list-style-type: none"> <li>Funding level grows over time</li> <li>Many communities across the state have been served</li> <li>Requires a cost-benefit analysis</li> </ul>	<ul style="list-style-type: none"> <li>Funds have not kept pace with needs</li> <li>Shippers, local govts and industrial parks are not eligible for funds to build spurs or improve sidings</li> <li>Funding and project selection is not flexible enough to capture economic opportunities</li> </ul>

## Funding Scenarios, Revenue Growth

KDOT’s Short Line Rail Program differs from other modes in that it allows for revenue growth overtime. Since revenues continue to increase, there is a possibility for having the program become self-sustaining. The charts below illustrate how much funding would be available for loans in each program structure if the state stopped providing new funds in 2020. These figures are based on a state program with an annual budget of \$5 million.



## Funding Scenarios 2010-2029

The following chart shows different funding scenarios for the rail program, and how much work could be completed at each funding level. This based on 10 years of funding at \$5 million annually.

ANNUAL INVESTMENT	70% Loan, 30% Match	40% Loan, 30% Grant, 30% Match
<b>\$3 million</b>		
<i>Miles rehab</i>	600	340
<i>Or Miles relay</i>	120	70
<i>Or Miles siding/spurs</i>	100	60
<b>\$5 million</b>		
<i>Miles rehab</i>	1,000	570
<i>Or Miles relay</i>	200	115
<i>Or Miles siding/spurs</i>	175	100
<b>\$7 million</b>		
<i>Miles rehab</i>	1,400	800
<i>Or Miles relay</i>	280	160
<i>Or Miles siding/spurs</i>	245	140