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TO: South Dakota Railroad Board

FROM: Jack Dokken, Office of Air, Rail and Transit

DATE: November 10, 2025

SUBJECT: State Rail Plan Update

The Department of Transportation (SDDOT) is requesting permission to start the process of obtaining consulting services to create the 2026 State Rail Plan. The current plan, adopted in 2022 will expire in December 2026. Because procurement, development, and approval by state and federal officials typically require about 18 months, early authorization is needed to stay on schedule.

A State Rail Plan is a long-range planning document developed by each state to guide the future of its freight and passenger rail systems. It serves as a strategic framework that outlines the state's rail transportation goals, assesses current infrastructure and services, identifies investment needs, and prioritizes future projects. The plan also ensures coordination with public and private stakeholders, regional and local planning efforts, and neighboring states. Public engagement is a key component, helping to shape the plan based on community and industry input. The Federal Railroad Administration (FRA) requires states to develop and maintain an FRA-compliant rail plan under 49 U.S.C. §§ 22701–22706 in order to be eligible for certain federal rail funding programs, such as the Special Transportation Circumstance (STC) grants. These plans must be updated at least every four years and must align with national rail policy objectives to support data-driven, performance-based transportation planning.

South Dakota's most recent State Rail Plan, adopted in 2022 and amended in 2024, provides an overview of the state's 1,800-mile rail network, including publicly and privately owned rail lines. It identifies key issues such as rail access for agricultural producers, the need for infrastructure upgrades, and opportunities for economic development through improved rail connectivity. The plan evaluates current conditions, forecasts future demand, and outlines investment priorities such as rail line rehabilitation, bridge improvements, and support for new transload and terminal facilities. It also examines the role of the South Dakota Railroad Board in funding projects through the State Railroad Trust Fund and stresses the importance of leveraging federal funding opportunities to maximize the impact of state resources.

FRA requires states to submit an updated rail plan for approval every four years. Applicants for certain federal rail funding programs must have an approved plan in place to remain eligible. Below are costs that other states have incurred creating their state rail plan:

- CA – \$3.8 million
- PA – \$821,000
- CO – \$1.3 million
- MO – \$2 million
- ME – \$459,000
- IL – \$300,000

SDDOT requests the Railroad Board's authorization to proceed with issuing a Request for Proposals to develop an updated State Rail Plan, with a budget of **\$350,000**.