



2021 RAISE Grant Application
Sisseton Milbank Railroad Modernization Project
Applicant: Roberts County, South Dakota



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I: Project Description:

The project is to replace the 100 plus year-old rail (some are 136 years old) with new 115 lb rail from Milbank to Sisseton. This project is the second phase of the reconstruction of the Sisseton Milbank Railroad (SMRR). The first phase is the replacement of the Lake Farley Bridge. The Lake Farley project was granted a \$1.937 million Special Transportation Circumstances grant by the South Dakota Railroad Board. The South Dakota Department of Transportation submitted the STC grant to USDOT.

The purpose of the project is to allow for the construction of a new shuttle capable (110 car shuttle train) grain loading facility in Sisseton. In order to receive shuttle trains a grain facility must be located on a rail line that can support shuttle train loads and be able to load a shuttle train in 10 hours or less. The timeframe is important as it allows the elevator to collect Origin Efficiency Payments from the railroad that owns the shuttle train (i.e. BNSF) and the elevator can ship grain at a much lower freight rate. With the addition of a shuttle elevator, local and regional grain prices will go up and the cost of inputs such as fertilizer will go down.

The current track classification is excepted. The track can only support 263,000lb cars at a maximum of 10mph. Track speeds in practice average 5 mph. There are numerous areas where the trains can only move at “walking speed” or about 3 mph. It takes the train over 7 hours to make the trip from Milbank to Sisseton.

Broken rail and derailments are a common occurrence. SMRR averages at least one derailment a year. Most of the time, since the train is going so slow on the SMRR, a derailment does not result in tipped over cars. A derailment where the cars do not tip does not usually result in an insurance claim and can be remediated by the railroads’ employees.



2017 broken rail

In February 2019, a train derailed and tipped over 5 cars. When the cars tip they have to be emptied before righting. The damage to the cars and track resulted in an insurance claim and delayed the customers shipment. The photo below is of that derailment. The weather conditions made righting the train more difficult.



2019 Derailment

The current track structure consists of 13.6 miles of 60 lb rail from the 1880s, 10 miles of 75 lb rail from 1906, 12 miles of 90 lb rail from 1925 and 1.4 miles of 115 lb rail from 2015. Tie condition on the line is poor. The project will replace the existing rail with 115lb or heavier new or relay rail, 2046 new ties per mile, add 600 tons per mile of ballast, repair 10 crossings, add 850 tons of riprap, repair 94 culverts, repair 28 bridges.

The track will be reconstructed to AREMA Class II standards, enabling the ability to move 286,000 lb cars on rail at 25 mph. The railroad will need to be able to move 110 cars with 286,000lb gross weight at one time to serve the new shuttle facility in Sisseton. This project does not pose challenges from a technical, engineering, project administration or construction standpoint.

The proposed project has an estimated cost of \$26,244,375. SMRR will provide matching funds of \$1,624,375. The matching funds will be generated by the sale of the removed rail. Roberts County and the SMRR is requesting the project be funded by a RAISE 2021 Grant of \$25,000,000. We understand that preliminary plans and environmental work will be the responsibility of SMRR/Roberts County.

The reconstruction of the Sisseton Milbank Railroad Road is listed in the 2014 South Dakota State Rail Plan in Table 3 Volume 2 – on page 21, and as Project #18 in Appendix B of Volume 2 Page IV. The report can be viewed at:

https://dot.sd.gov/media/documents/DR2_Vol1_SDDOT_StateRIPln.pdf

Agriculture is the largest industry in South Dakota. The efficient movement of agricultural products makes South Dakota ag products more competitive in a world market. This project will improve efficiency for movements of raw agricultural products such as corn and soybeans and will lower fertilizer costs for farmers. The multiple Class 1 railroads the SMRR has access to via its' connection with the Twin Cities & Western Railroad (TCWR) will provide local shippers with extremely competitive shipping options for shuttle train quantities of grain.

The project is in an area with high agricultural productivity. The elevator in Sisseton is currently operating and shipping agricultural products both by rail and by truck. The elevator also brings in fertilizer to sell to area farmers. The fertilizer coming into the elevator is trucked in. Because of the light rail and substandard bridges, the elevator is currently loading grain cars to 263,000 pounds instead of their capacity of 286,000 pounds. The railroad can only move a maximum of 13 cars at a time. If the rate is for a 25 car train, they move 12 cars, then 13 cars and assemble the two shorter strings into a 25 car train in Milbank. If the current track structure is not reconstructed the elevator probably continue to move similar volumes as it is now until such time as the rail line goes out of service. Once the line goes out of service the remaining truck volumes (to Graceville) will likely increase either by the Sisseton Elevator or the farmers themselves.

Grain is a worldwide commodity. The corn and soybeans grown in this area are used in the domestic market for animal feed or ethanol production. The grain not used domestically is sold to an export market. Most of the export grain in this area goes to Asia via container ships from the Pacific Northwest. At the port the grain from trains is transloaded onto the ships.

The local price of grain is based upon the Chicago Board of Trade (CBOT) futures price less transportation costs. That difference is known as basis. The price of grain to the customer includes transportation. If the difference between CBOT and the local price narrows, the producer receives a price closer to the price they would receive if the grain was sold in Chicago. Shuttle trains are more efficient, so the basis is less, resulting in a higher price paid to the farmer. This higher price paid for grain is a proxy measurement of the efficiency of rail.

Originally built as part of the Milwaukee Road in 1892, the SMRR today is still dark territory, using track warrant controls to govern traffic on the line. Trains with cars loaded heavier than 263,000 lb are not permitted on the SMRR.

In July 2012, the TCWR purchased the previously independently owned and operated SMRR, which had been headquartered at Milbank. The SMRR was literally weeks from being abandoned. After consultation with and support from SMRR customers, the TCWR purchased the line. The SMRR now operates as a subsidiary of the TC&WR and is the farthest west of any asset in TCWR's network. The Sisseton Milbank line is not connected directly to the TCWR network, but through trackage rights that the TCWR holds on the BNSF Appleton Subdivision. By agreement, the TCWR can use 33.5 miles of the BNSF Dakota Subdivision from Appleton,

Minnesota, where the TCWR mainline terminates, to Milbank in South Dakota, where the SMRR line ends. Of the 33.5 trackage miles on the Appleton line, 10.7 miles are in South Dakota.

Wheaton Dumont owns the Sisseton Elevator. The elevator currently ships 600 to 800 (about 2.5 million bushels) cars per year on the Sisseton Milbank Railroad. Wheaton Dumont also ships 2.5 million bushels per year by truck to a BNSF served elevator 37 miles away. The trucked 2.5 million bushels would move to rail transportation if the line is upgraded. If the line is upgraded to allow for the shipment of shuttle trains, Wheaton Dumont will construct a new shuttle elevator south of Sisseton. Please see the letter by Philip Deal, Wheaton Dumont manager on page 25. committing to the construction of the new elevator on the south side of Sisseton. The rail project will continue north past the new elevator site to the existing elevator that is located on the north side of Sisseton. The existing elevator will be used for additional grain storage and grain commodities such as wheat and sunflowers. The Sisseton Milbank can interchange with BNSF and TC&WR at Milbank. The TC&WR has trackage rights into the Minneapolis-St. Paul area where it can interchange with the BNSF, the Minnesota Commercial Railway, the Canadian National, the Canadian Pacific and the Union Pacific. Having connections, via the TCWR to five connecting railroads greatly expands the possible market for area commodities.

Wheaton Dumont anticipates first year volume of the new elevator to be 10 million bushels with gradual expansion to 21.1 million bushels per year. Currently the elevator brings in 20,000 tons of fertilizer per year by truck. The truck haul for this fertilizer is 185 loaded miles. The new elevator will be able to accept fertilizer by rail – which should reduce input costs for local farmers by \$10 per ton. This \$10 ton is a measurement of the efficiency of rail movements vs truck movement of fertilizer. Fertilizer volumes are expected to grow to 50,000 tons per year by the end of the analysis period.

An expanded elevator will employ six additional employees. Sisseton, South Dakota has been designated as an Opportunity Zone – tract 46109940400. Please see the map on Page 9. Six additional good paying jobs in a town of 2400 is an important addition. Just as important to Sisseton is the economic stability a large shuttle elevator will bring to the local economy. The increased price of grain and decreased cost of transportation to the elevator, along with decreased fertilizer cost will increase margins for area farmers. Better margins will mean increased spending by farmers at area businesses.

The SMRR anticipates hiring 3 more people to handle the additional traffic on the line.

There are other shippers on the line. A plastic film manufacturing business owned by the Sisseton-Wahpeton Oyate of the Lake Traverse Reservation receives 6 to 12 cars per month of plastic pellets. A smaller elevator in Wilnot ships a few cars per year by rail. These businesses will benefit by a project to rebuild the line to keep it open. If the project is not funded and constructed, it is likely the rail line will go out of service. If the rail line ceases operation, the plastic film manufacturing business owned by the tribe will likely go out of business as well. The tribe also operates a propane business. Currently propane cannot be delivered by rail due to track conditions. If the line is upgraded the tribe will be able to receive propane by rail and is

extremely interested in expanding their business. Most of the tribes propane business is to tribal members and for tribal buildings. The tribe desires to bring in propane by rail and anticipates this modal shift will save them \$.08 per gallon. If the rail is upgraded the tribe will work to receive propane by rail – not only to save costs for themselves but to hopefully expand their business to new customers.

The tribe is supportive of the project. Please see the letter from Delbert Hopkins Jr., Chairman, Sisseton-Wahpeton Oyate of the Lake Traverse Reservation on Page 23.

The Sisseton-Wahpeton Oyate Lake Traverse Reservation lies partially within Roberts County. Roberts County has a higher unemployment rate (5.5%) than the rest of South Dakota (3.3%). A native person is much less likely to be employed (45.2% of Native Americans in South Dakota are employed) than a non-native person (80.4% employed). Sisseton has a population of 2400, 48.5% of which are Native American. Sisseton also has a poverty rate of 20.7%.

<https://datausa.io/profile/geo/sisseton-sd/> South Dakota in general has a poverty rate of 11.9%. <https://www.southdakotadashboard.org/incomes/poverty> Any activity in the area – a rail construction project, elevator construction project, additional jobs at the elevator will be of help to the tribal community.

The project will provide transportation alternatives that do not currently exist for grain shipments, fertilizer, propane, plastic, cement, and possibly other agricultural inputs such as pesticides and herbicides.

The rail construction project alone will provide not only construction jobs, but other jobs that provide support to the construction. Previous USDOT grant guidance indicated that \$96,000 of federal construction project costs provides one job/year (this includes all jobs – not just construction jobs). The project cost of \$26.4 million will provide 275 jobs. Applying the same guidance to the construction of the new elevator will result in an estimated additional 200+ construction jobs. While the jobs will only last through construction, the presence of construction workers and dollars spent in the local area will provide a welcome boost to the local economy.

Sisseton is a small community but is still the largest town in the immediate area. Business and employment in Sisseton are heavily reliant on the agriculture industry. Anything that can improve the prices paid for agricultural products and provide assurance and stability (such as a new elevator and railroad) helps provide economic security for the people of Sisseton and the surrounding area.

The SMRR will maintain the project to a AREMA Class II standard. The SMRR Maintenance Plan is located at <https://www.dakotatransportationgrants.com/home/sisseton-milbank-rehab>

Ongoing freight revenues will be adequate to maintain the railroad as described in the Maintenance Plan.

II: Project Location

The proposed project is to reconstruct the 37 miles of rail from Milbank, South Dakota (45°13'19.52"N, 96°38'44.29"W) to Sisseton, South Dakota (45°40'10.04"N, 97°03'22.76"W). Milbank and Sisseton are in the northeast corner of the state – Minnesota is a few miles to the east, North Dakota is a few miles to the north. Milbank is in Grant County; Sisseton is in Roberts County. On the map below SMRR is shown between Milbank and Sisseton. Traverse County is in Minnesota, Richland County is in North Dakota.



Location Map

The project is located entirely in a rural area. The north end of the railroad project is in an Opportunity zone. The proposed Wheaton Dumont Elevator is in the Opportunity Zone.

Sisseton and the communities on the line are in a unique geographical area. To the west there is a significant geological feature. The **Coteau des Prairies** is plateau approximately 200 miles in

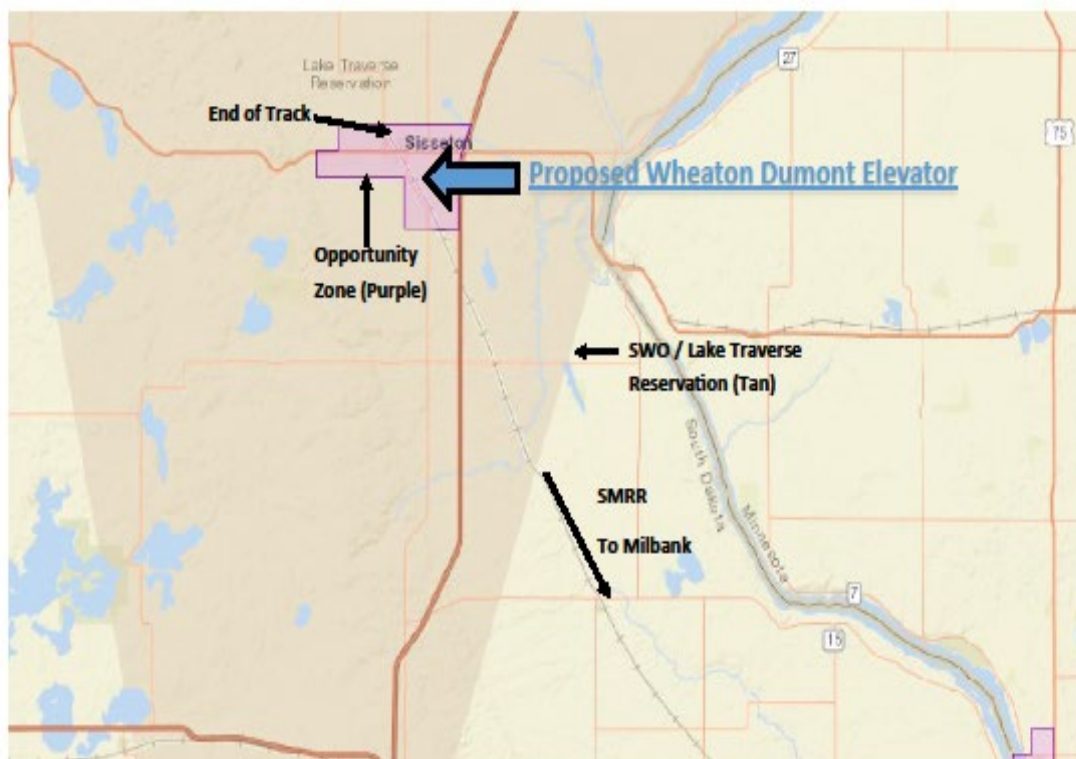
length and 100 miles in width (320 by 160 km), rising from the flatlands in eastern South Dakota, southwestern Minnesota, and northwestern Iowa.

The plateau is composed of thick glacial deposits, the remnants of many repeated glaciations, reaching a composite thickness of approximately 900 feet (275 m).

To the east lie Lake Traverse and Big Stone Lake. The road network goes around the lakes in few locations.

Farmers prefer to not take loaded trucks up the nearly 700' elevation distance to the west and prefer not to add unnecessary miles by going to the east if they can help it. Currently some grain is going these ways, but farmers will be quick to change that practice if a modern efficient elevator is built in Sisseton.

Opportunity Zones Map



III: Grant Funds, Sources and Uses of all Project Funding

The following shows a budget estimate for the project:



Item	Description	Unit	Quantity	Unit Price	Total
1	Mobilization	LS	1	\$ 750,000.00	\$ 750,000.00
2	Furnish & Install Ties	Each	69,021	\$ 115.00	\$ 7,937,415.00
3	Furnish and Install Jointed Rail	Tr-Ft	195,360	\$ 50.00	\$ 9,768,000.00
4	Ballast	Ton	22,200	\$ 35.00	\$ 777,000.00
5	Track Surfacing	Tr-Ft	195,360	\$ 1.50	\$ 293,040.00
6	F&I No. 10 Turnout	Each	8	\$ 85,000.00	\$ 680,000.00
7	Timber Crossing	Tr-Ft	216	\$ 300.00	\$ 64,800.00
8	Drainage Tile	Ft	4,985	\$ 12.00	\$ 59,820.00
9	Geotextile Fabric	Sq Yd	2,435	\$ 5.00	\$ 12,175.00
10	Gravel Crossing Adjustment	Each	42	\$ 3,000.00	\$ 126,000.00
11	Asphalt Surface Crossing Adjustment	Each	14	\$ 8,000.00	\$ 112,000.00
12	Bridge Rehabilitation	LS	1	\$ 2,000,000.00	\$ 2,000,000.00
13	Riprap	Ton	850	\$ 60.00	\$ 51,000.00
14	Pipe Rehabilitation	LS	1	\$ 500,000.00	\$ 500,000.00
Total Cost:					\$ 23,131,250.00
10% Contingency:					\$ 2,313,125.00
Preliminary Engineering and Environmental:					\$ 150,000.00
Final Design and Construction Administration Engineering Services:					\$ 650,000.00
Total Opinion of Probable Cost:					\$ 26,244,375.00

The project will use \$25,000,000 in federal funds and \$1,244,375 (estimated) in local funds generated by the sale of the removed rail, for a total project cost of \$26,244,375. The SMRR will advance the \$1,244,375 funding for the project prior to the sale of the removed rail (which by necessity will be towards the end or after the project is completed). SMRR understands the amount of RAISE grant funds is limited to the grant amount – so any costs more than the grant amount (and the sale of the salvage) will be borne by SMRR.

PROJECT FUNDING TABLE (future eligible costs)

Task #	Task name/project component	Cost	Percentage of cost
1.	Final Design	\$150,000	.57
2.	Construction Management	\$500,000	1.9
3.	Construction	\$23,131,250	88.14
4.	Contingency	\$2,313,125	8.81
Total Project C		\$26,094,375	99.43
Preliminary Engineering		\$150,000	.57
Federal Funds Received From Previous Grant		\$0	
RAISE 2021 Federal Funding		\$25,000,000	95.25
Non-Federal Funding/Match:		\$1,244,375	4.75

IV: Selection Criteria

Safety

The project will increase safety by greatly reducing trucking miles – both for farm to elevator grain moves and the existing Sisseton Elevator to Graceville Elevator grain move. Over the analysis period of 20 years 9.4 million truck miles have been moved to the railroad. This reduction in truck miles results in fewer crashes, less likelihood of fatalities, injuries, property damage, and emissions. The cost savings associated with the modal shift are detailed in the BCA. The project will also virtually eliminate derailments and broken rail – resulting in a safer railroad.

State of Good Repair

The rail was originally laid in various stages between the 1880 and 1925, with a 1.4 mile section that was replaced in 2015. The 2015 rail will be kept and used for repairs as needed. The remaining rail is light and between 134 and 94 years old. Due to its age and poor condition, train speeds are currently less than 10 mph, currently averaging 5 mph. Train speeds for the upgraded line are planned to be 25 mph. The current rail is not even in a good state of repair for its current use – broken rail and derailments are a common occurrence. The current rail is not safe for shuttle trains and cannot be used for shuttle train traffic.

Economic Competitiveness

The current Sisseton Elevator needs to upgrade to shuttle capacity to remain competitive in the area market. In order to do so, the railroad must be upgraded to be able to handle shuttle train traffic. As a rural community designated as an Opportunity Zone (see map on Page 16), the additional jobs that will be provided by the elevator and a busier railroad will be a welcome addition to the local economy.

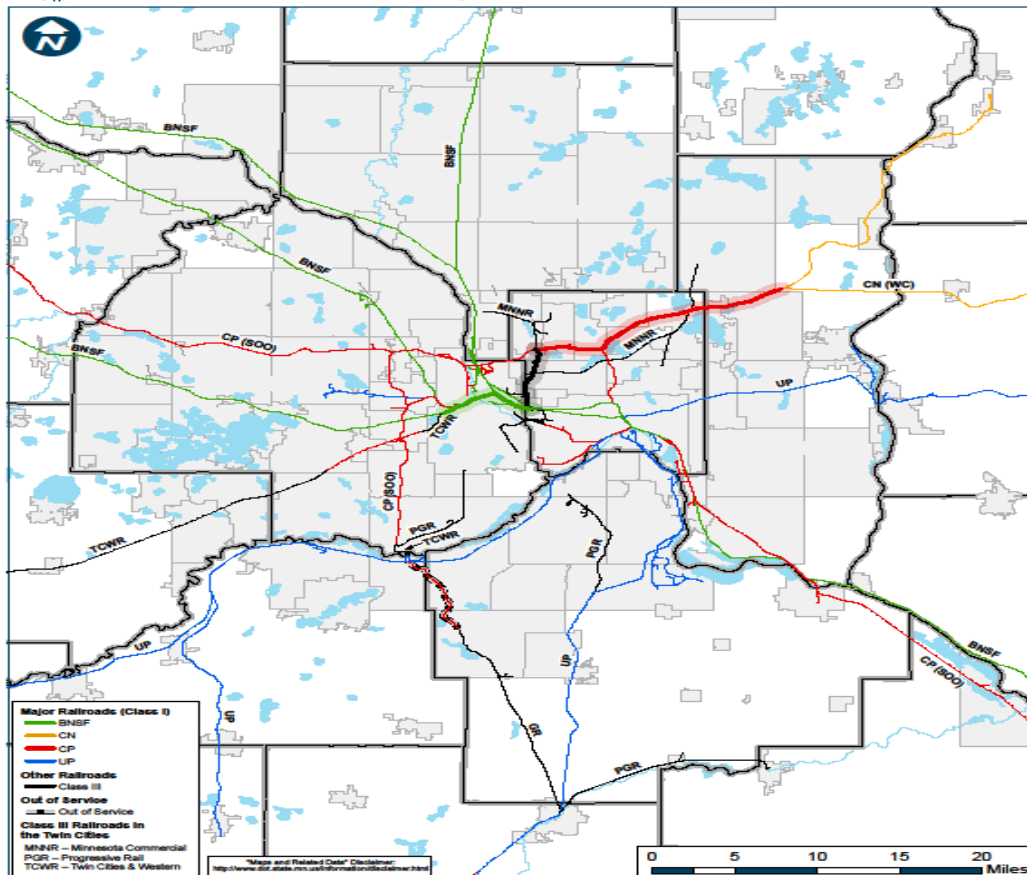
On a national level, according to USDA Economic Research Service agricultural exports accounted for 1.2 million jobs in 2017 and totaled \$140 billion in export trade in 2018. Agriculture is an industry that provides a trade surplus in the United States. In order to remain competitive in a worldwide market improvement in transportation efficiency, such as this project, are necessary.

The Sisseton Milbank can interchange with BNSF and TCWR at Milbank. The TCWR has trackage rights into the Minneapolis-St. Paul area where it can interchange with the BNSF, the Minnesota Commercial Railway, the Canadian National, the Canadian Pacific and the Union Pacific. Such interchange capability greatly expands the possible markets for shippers located on the SMRR, in particular the elevator at Sisseton. Below are maps of the Twin Cities & Western Railroad and the railroads in the Minneapolis-St Paul area, along with an explanation of the interchange possibilities.



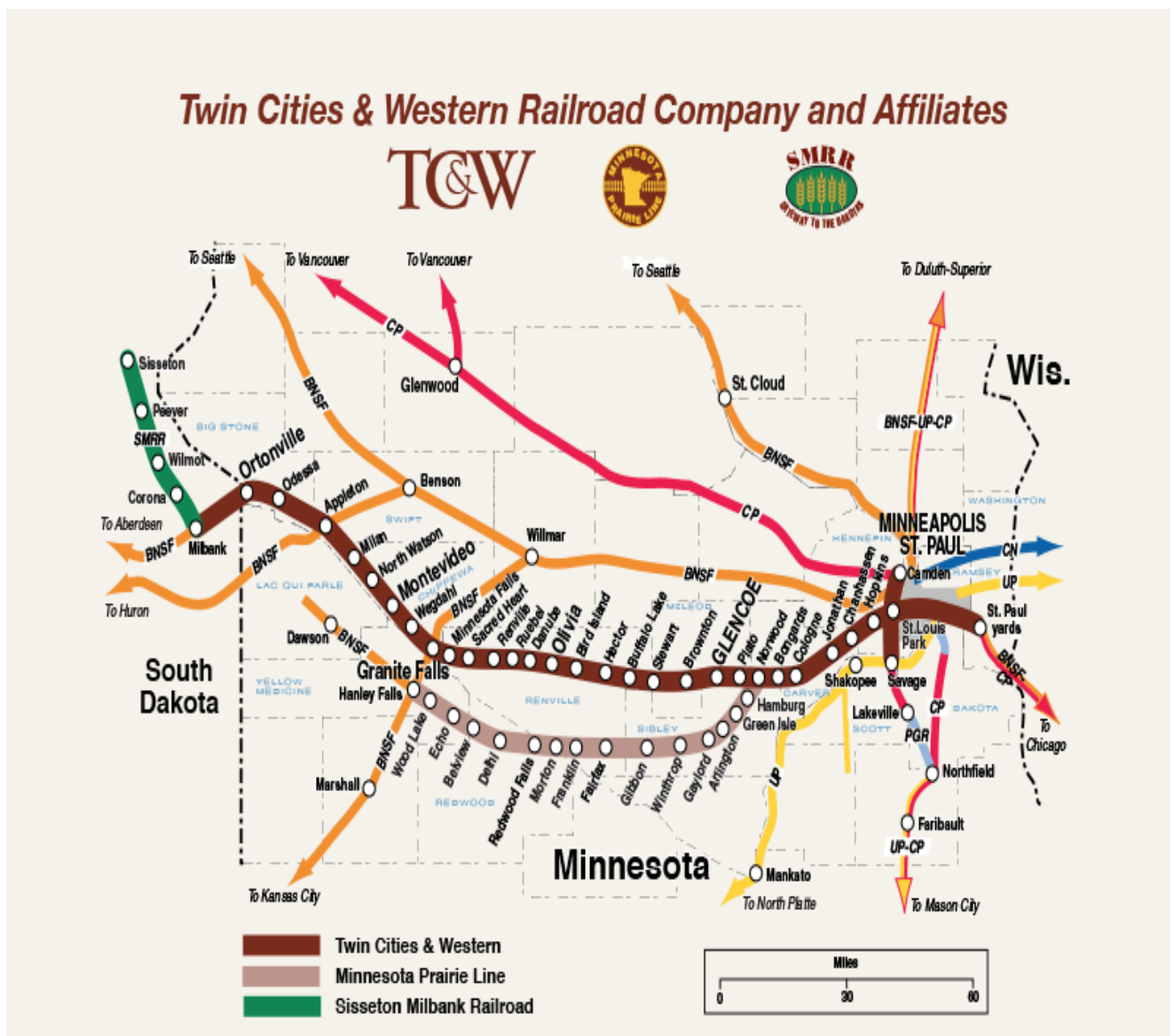
TWIN CITIES AREA FREIGHT RAILROAD MAP

Office of Freight and Commercial Vehicle Operations
September 2015



Where We Move

Customers of Twin Cities & Western Railroad Company, Minnesota Prairie Line, and Sisseton Milbank Railroad Company can connect with all Class 1 railroads serving the Twin Cities of Minneapolis and St. Paul, providing a gateway to world markets for all customers in our service territory.



Environmental Sustainability

There will be a decrease in truck miles over the analysis period of 30 years. Of those miles 5.28 million miles is due to farmers choosing to sell grain to a shuttle elevator that is closer than their current grain outlet (new bushels). The remaining 4.11 million miles are a result of the Sisseton Elevator no longer shipping a portion of its grain by truck to the Graceville Elevator. The project will also save the trucking of fertilizer into the facility (12,672,500 miles) At an average of 6 miles per gallon the project will reduce truck fuel used by 3,678,000 gallons. There will be a significant decrease in emissions as well as described in the BCA.

Quality of Life

Rural America has been in crisis for many years. Declining population, lower wages, and aging population are all long-term trends. The average age of a farmer in South Dakota is 56. Quality of life issues in small town and rural South Dakota are related to jobs. The question for most people is: if I want to stay here can I get a job? Will I have enough income to support my family? For many the answer has been no – resulting in zero or declining population growth. This project will help some of the wealth generated by farming to stay in the local area – thus retaining people who would like to stay and work in a rural area. The traditional markers of quality of life such as amenities, transportation options such as bus service and bike paths simply do not apply in these very rural areas.

Demographic Data on Communities on the SMRR

Town	Population 2017	% Change from 2000	2017 Median Household Income	2017 State of SD Median Household Income
Sisseton	2402	-6.6	\$42,770	\$56,521
Corona	106	-5.4	\$23,326	\$56,521
Peever	166	-20.6	\$37,379	\$56,521
Agency Village	181	No Data	\$45,371	\$56,521
Milbank	3,133	-13.9	\$45,166	\$56,521

Information from City-Data.com

Agency Village is the Tribal Headquarters of the Sisseton-Wahpeton Oyate Lake Traverse Reservation. Agency Village is located eight miles south of Sisseton, SD. Both Sisseton and Agency Village have significant Native American populations. Agency Village is 88% Native, Sisseton is 48.5% Native. Even though the median household income in Agency Village is one of the highest in the area, over 30% of the population lives in poverty. In Sisseton over 20% of the population lives in poverty. Unemployment and poverty remain persistent problems for Native Americans in South Dakota and the United States. Like many tribes the Sisseton-Wahpeton Oyate live in a rural area. There are less opportunities available in these areas.

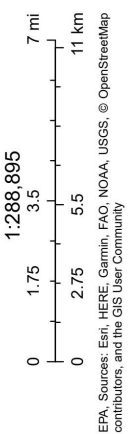
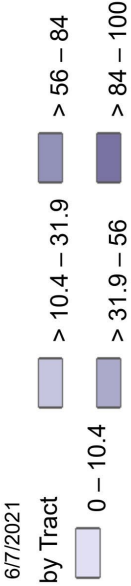
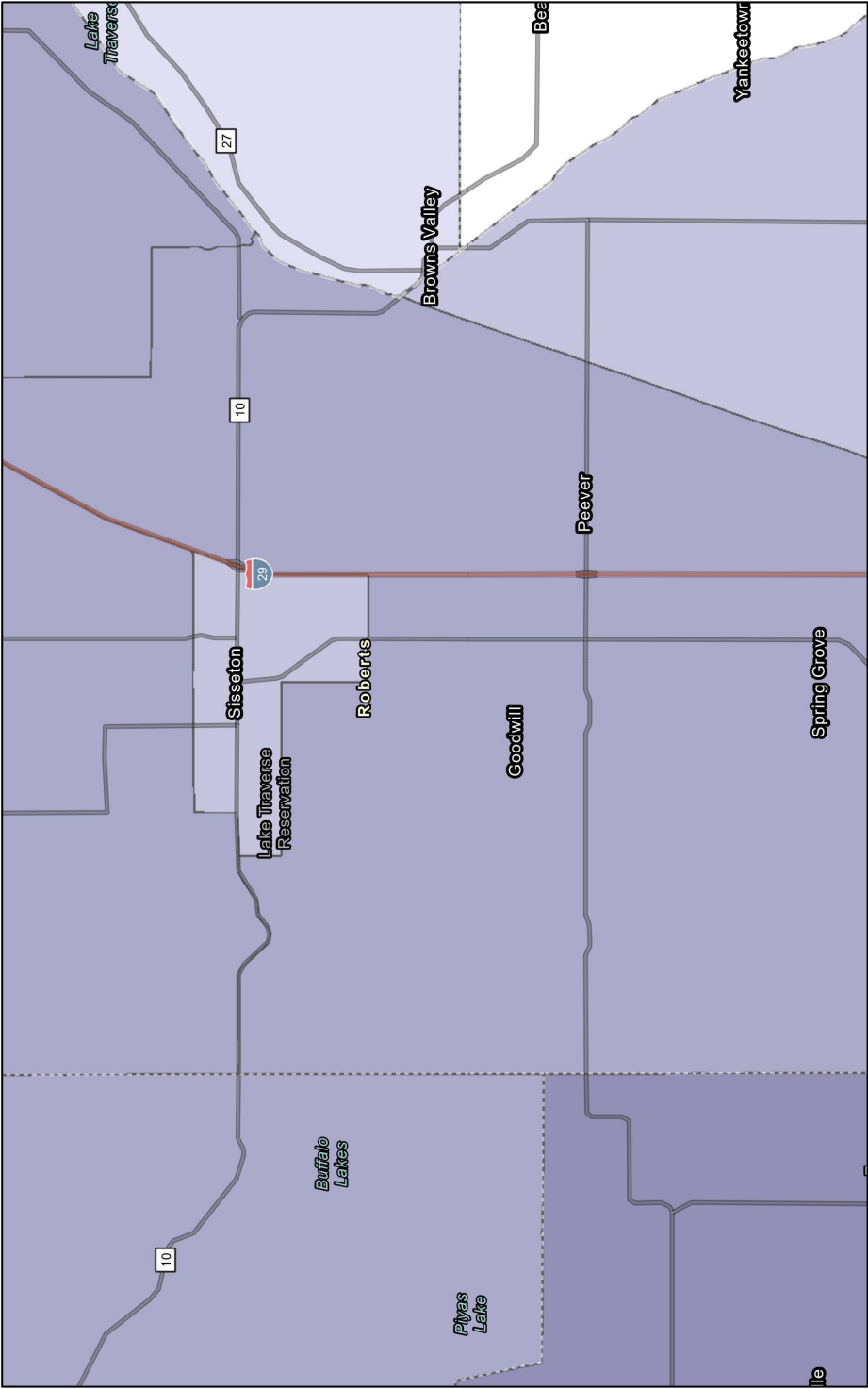
Construction projects and additional income provided by a shuttle elevator in the way of higher grain prices, helps the residents – including tribal members.

The percentage of Native Americans living in poverty in Roberts County is very high – over 30% of the population. The map on page 16 was developed from the USEPA EJSCREEN tool. The areas immediately outside of Sisseton show a poverty percentage of between 31 and 56%. Sisseton itself has a poverty rate range of between 10 and 31.9%. The Sisseton-Wahpeton Oyate can be considered an Overburdened Community. Using the USDOT RAISE Grant web tool to identify areas of persistent poverty one of the four census tracts in Roberts County meet the definition. Census Tract 9408 is the Sisseton-Wahpeton Oyate Lake Traverse Reservation and is an area of persistent poverty. The railroad is located, in part, within the boundaries of the Reservation.

Wheaton Dumont has six Sisseton-Wahpeton Oyate tribal members employed at their facilities in the area. A new shuttle elevator in Sisseton will provide additional employment opportunities for tribal members. The tribe leases much of its ground for farming purposes. The lease rate they can charge is based upon the cash value of the crops that can be grown on the property. The new elevator in Sisseton will narrow the basis on grain (raise the price paid to farmers) enabling the tribe to realize a better return on their leases.

Sisseton Wahpeton Oyate Plastics (SWO Plastics) is a tribal owned company that makes plastic film and trash can liners. This is an important business for the tribe and provides jobs to tribal members. This business is viable because they can receive plastic pellets by rail. If the rail is not replaced and the railroad goes out of service, its unlikely this business will survive.

Percent Native Below Poverty Level



Partnership

The SMRR is owned by Twin Cities & Western Railroad. Roberts County has agreed to submit and administer the grant. This partnership is possible because the Roberts County understands the importance of rail transportation for agricultural commodities from an economic standpoint and because reduced track traffic is safer and has less of an impact on roadways. There is a great deal of local interest in the project – please see the support letters attached and located online at <https://www.dakotatransportationgrants.com/home/sisseton-milbank-rehab>.

Approvals

The reconstruction of the Sisseton Milbank Railroad Road is listed in the 2014 South Dakota State Rail Plan in Table 41 - Potential Investment Opportunity List as a Track Condition Project. Please see Table 41 at - https://dot.sd.gov/media/documents/DR2_Vol2_SDDOT_StateRIPln.pdf page 178.

Upon award the project will be added to the Statewide Transportation Improvement Plan by amendment. There are no other state or local approvals required.

V: Environmental Risks

The risks to the schedule are related to review times for the environmental and plans approvals. If there is an environmental problem found it will increase the timeframes for grant award. However, we do not anticipate any significant environmental problems. We do not anticipate design, material supply or construction problems significant enough to cause construction delays. If there is a very wet year, or a late spring there may be construction delays. Roberts County and TCWR are experienced in project management in general and specifically TCWR has completed several successful rail projects in the past. This project management experience reduces the risks of delay and construction problems.

This project does not pose a challenge from a design and implementation standpoint. The design and construction of this project is very well understood. The scope is replacement of rail, ties, OTM (Other Track Material such as plates, spikes, and anchors), ballast, repair of bridge superstructures, and replacement of some rail crossings. The project does not require any right of way acquisition and will be completed within the existing right of way. There will be no filling or disturbing of waterways or wetlands. We anticipate the project will qualify for a Categorical Exclusion. We will begin the environmental process upon award notification.

Schedule assuming a November 2021 award date:

Award Notification	November 30, 2021
Civil Engineering and Environmental consultant selected	December 30, 2021
Inclusion in SDDOT STIP	January 30, 2022
30% plans completed and submitted to USDOT	March 30, 2022
Environmental field work begins	April 15, 2022

CatEx document submitted to USDOT	June 15, 2022
USDOT approval CatEx and 30% Plans	August 15, 2022
Grant Agreement Signed	September 30, 2022
Final Plans completed	November 30, 2022
Bid award	January 30, 2023
Construction begins	March 1, 2023
Construction complete	October 30, 2023

VI: Benefit/Cost Study

The project on the SMRR is to rebuild the track structure from Milbank to Sisseton – a distance of 37 miles.

The existence of a large shuttle elevator that ships out agricultural products will have a positive impact on prices paid to farmers. Based upon past project results we estimate that to be 12 cents per bushel. We assumed that current customers of the Sisseton Elevator will continue to do business with a new Sisseton elevator and the Sisseton elevator will increase their market share due to an increased price paid per bushel and decreased wait times (currently averaging 1.5 hours per truck) to deliver grain during harvest. This increased price benefit comes from the reduced cost of transporting grain from Sisseton to a rail destination. Likewise, there will be a price reduction for fertilizer of approximately \$10 per ton due to the increased efficiency of delivering fertilizer by train to a new elevator. We assumed fast growth in grain volumes the first five years then a slower growth of about 2% per year thereafter. Likewise, we assumed an immediate increase in fertilizer volumes then steady growth in fertilizer volumes for the remainder of the analysis period. For new bushels we assumed these bushels would be attracted by a shuttle elevator closer to their farm – reducing the farm to elevator transportation costs. We assumed, on average, a closer farm to elevator truck haul of 10 loaded miles. The state and local governments benefit by reduced local truck miles and wear on the highways. If there are reduced trucking miles, there are less crashes – also a benefit.

The BCA was performed over a 30-year period. We used trucking costs for operation as described in the BCA Guidance (Benefit-Cost Analysis Guidance for Discretionary Grant Programs, USDOT, February 2021) as a per mile costs (Table A5) and truck driver wage rates as described in the BCA Guidance (Table A3) for the value of reducing truck wait times. We used the cost of VOC, NOx, SO2 and PM as described in the BCA guidance document (Table A6). We used the rate of fatalities, injury, and property damage as described in the latest SDDOT crash reporting. We used the cost of those crashes from Table A1 of the BCA guidance. Because SDDOT does not report crash statistics in as many categories as presented in the BCA guidance, we used values of \$10,900,000 for a fatality, \$512,000 for moderate injury and \$4500 for property damage only. The guidance has a value for serious injury that is much higher, but

We assumed a useful project life of 50 years. We did so because railroads are a long lasting, durable investment. As per the BCA guidance we used a straight-line depreciation for the value of the improvement after 30 years to calculate the benefit cost ratio. The residual value of the project after 30 years is \$904,622 after being discounted.

We used emission rates for a 2013 model truck as described in a report entitled “Updated Emission Factors of Air Pollutants from Vehicle Operations in GREET using MOVES” done by Argonne National Labs in September 2013. We calculated the benefits at 7% discount rate except CO2 which was discounted at 3%.

[illegible]

BCA Excel Spreadsheet Double Click to open

Photos



Bridge end SMRR



Crossing SMRR



Broken joint bar



Sisseton-Wahpeton Oyate

Department of Transportation

12554 BIA Hwy 711

P.O. Box 509

Agency Village, SD 57262

Office: (605) 742-0432

Fax: (605) 742-0434

June 3, 2021

The Honorable Pete Buttigieg
Secretary of Transportation
US Department of Transportation
1200 New Jersey Avenue SE
Washington, DC 20590

**RE: Letter of Support for the 2021 Federal RAISE GRANT for Sisseton Milbank Railroad
Modernization Project**

Dear Secretary Buttigieg:

This letter is in support of the Sisseton Milbank Railroad (SMRR) Modernization Project which is seeking federal funding support through the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant program.

The SMRR railroad line serves small rural communities in northeastern South Dakota, which serve several agricultural cooperatives and their farmer members as well as the Sisseton Wahpeton Oyate tribal community. This 37-mile freight rail line, with 1880's vintage rail, provides a vital link for northeastern South Dakota to the North American freight rail system via its connections with Twin Cities & Western Railroad (TCW) at Milbank and the TCW's freight rail connections with BNSF, CP, CN and UP in St. Paul, Minnesota. Freight rail is the most emissions-friendly land transport, and this region of northeastern South Dakota is fortunate to have a surviving freight rail line, but the rail line is currently operated at walking speed in some locations due to its 1880's vintage rails.

What the communities served by this rail line need is a long-term safe, efficient, and reliable rail line that will help attract more investment in rail loading facilities. In its current condition, the communities it serves are hesitant to make investments in freight rail infrastructure because in its current condition its long-term survival is not clear. As an act of faith in the SMRR's long term commitment to this economically challenged area of northeastern South Dakota, the cooperative in Wilmot South Dakota invested in an improved fertilizer by rail facility 3 years ago. This area of northeastern South Dakota needs economic development and upgrading this rail line to 21st century standards is key to attracting economic development in this rural area.



This rail modernization project will bring much needed upgrades from Milbank, SD to Sisseton, SD (approximately 212 rail miles away from interchange with 4 Class 1 railroads in St. Paul, Minnesota via its connecting TC&W rail line). The rail infrastructure improvements proposed in this RAISE grant request include replacing the existing jointed 1884 vintage manufactured rails with new continuously welded rail and associated rail infrastructure improvements. This work will result in the rail line to be operated at 25 mph and allow for the 286,000-gross weight on rail Class 1 North American railroad standard maximum weight, which will be a significant incentive for increased economic investment in this part of rural northeast South Dakota.

Our community the Sisseton-Wahpeton Oyate of the Lake Traverse Reservation, supports this project. This short line railroad funnels South Dakota farmers' production to the North American Freight rail network, with connections to the BNSF, CP, CN, and UP rail networks in Saint Paul, Minnesota, thus avoiding highways and greatly reducing emissions in this transport. This project would also allow transport of propane by rail to the Sisseton Wahpeton Oyate tribal community, reducing their delivered cost of propane.

For these reasons, the Sisseton-Wahpeton Oyate of the Lake Traverse Reservation, supports the Roberts County's sponsored Sisseton Milbank Railroad Modernization Project RAISE grant request, which is an infrastructure modernization project that will create greater opportunity for shippers, cooperatives, communities and enterprises to invest in rail served facilities that will enable South Dakota agriculture marketing opportunities to flourish and provide opportunities to convert truck traffic to rail, reducing emissions.

Sincerely,



Delbert Hopkins Jr.
Tribal Chairman,
Sisseton-Wahpeton Oyate of the Lake Traverse Reservation





June 4, 2021

The Honorable Pete Buttigieg
Secretary of Transportation
1200 New Jersey Avenue SE
Washington, DC 20590

RE: Letter of Support for the 2021 Federal RAISE GRANT for Sisseton Milbank Modernization Project

Dear Secretary Buttigieg:

This letter is in support of the Sisseton Milbank Railroad (SMRR) Modernization Project, which is seeking federal funding support through the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant program.

Our Company, Wheaton-Dumont Coop Elevator, is a grain and agronomy cooperative that serves more than 1,500 member-customers at 16 locations throughout an eight-County area. We rely on the SMRR to haul our grain to market from our facilities in northeastern South Dakota.

The SMRR railroad serves small rural communities in northeastern South Dakota, agricultural cooperatives and their farmer members, as well as the Sisseton-Wahpeton Oyate tribal community. This 37 mile freight rail line, with 1880's vintage rail, provides a vital link for northeastern South Dakota to the North American freight rail system via its connections with Twin Cities & Western Railroad (TCW) at Milbank and the TCW's freight rail connections with BNSF, CP, CN and UP in St. Paul, Minnesota. Freight rail is the most emissions-friendly land transport, and this region of northeastern South Dakota is fortunate to have a surviving freight rail line. However, the rail line is currently operated at walking speed in some locations due to its 1880's vintage rails.

What the communities served by this rail line need is a long-term safe, efficient, and reliable rail line that will help attract more investment in rail loading facilities. In its current condition, the communities it serves are hesitant to make investments in freight rail infrastructure because in its current condition its long-term survival is not clear. As an act of faith in the SMRR's long-term commitment to this economically challenged area of northeastern South Dakota, the cooperative in Wilmot, South Dakota invested in an improved fertilizer by rail facility 3 years ago. This area of northeastern South Dakota needs economic development and upgrading this rail line to 21st Century standards is key to attracting economic development in this rural area.

Ashby 218-747-2948 • Britton 605-448-2261 • Browns Valley 320-695-2327 • Campbell 218-630-5344 • Clinton 320-325-5404 • Dumont 320-563-8020 • Dumont Ag 320-563-8822
Graceville 320-748-7289 • Hankinson 701-242-7543 • LaMars 701-474-5976 • Mantador 701-242-7022 • New Effington Ag 605-637-5241
Sisseton Feed Store 605-698-3491 • Sisseton North 605-698-3221 • Sisseton South 605-698-3251 • Tenney 218-630-5556 • Wheaton 320-563-1130 • Wheaton Ag 320-563-8181

A FARMER-OWNED INSTITUTION WORKING FOR THE BEST INTERESTS OF THE COMMUNITY

This rail modernization project will bring much needed upgrades from Milbank, SD to Sisseton, SD (approximately 212 rail miles away from interchange with four Class 1 railroads in St. Paul, Minnesota via its connecting TC&W rail line). The rail infrastructure improvements proposed in this RAISE grant request include replacing the existing jointed 1884 vintage manufactured rails with new continuously welded rail and associated rail infrastructure improvements. This work will allow the rail line to operate at 25 mph and allow for the 286,000 gross weight on rail Class 1 North American railroad standard maximum weight, which will be a significant incentive for increased economic investment in this part of rural northeast South Dakota.

Wheaton-Dumont Coop Elevator supports this project. This short line railroad funnels South Dakota farmers' production to the North American Freight rail network, with connections to the BNSF, CP, CN, and UP rail networks in Saint Paul, Minnesota, thus avoiding highways and greatly reducing emissions in this transport. This project would also allow transport of propane by rail to the Sisseton Wahpeton Oyate tribal community, reducing their delivered cost of propane.

If the Grant is approved and the SMRR is upgraded to allow for high-capacity railcars and shuttle trains, Wheaton-Dumont Coop Elevator will begin developing a new grain terminal just south of Sisseton, South Dakota capable of loading high-capacity shuttle trains. In anticipation of this project, Wheaton-Dumont has already secured the real estate needed for this project.

For these reasons, Wheaton-Dumont Coop Elevator supports this RAISE Grant request.

Sincerely,

A handwritten signature in blue ink, appearing to read 'P. Deal', with a stylized flourish at the end.

Philip Deal, CEO
Wheaton-Dumont Coop Elevator

JOHN THUNE
SOUTH DAKOTA

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<https://www.thune.senate.gov>

United States Senate
WASHINGTON, DC 20510-4106

June 22, 2021

The Honorable Peter Buttigieg
Secretary
United States Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Secretary Buttigieg:

It has come to my attention that Roberts County in South Dakota has submitted a request for funding from the United States Department of Transportation under the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) program. As a strong advocate for investing in our nation's infrastructure, I write in support of their application.

Should they receive funding, this project would rebuild 37 miles of freight rail infrastructure on the Sisseton and Milbank Railroad, enabling shippers to build or expand freight rail facilities along the line. Upon completion, the project would allow shippers to haul 286,000 pound gross weight on rail carloads, allowing them to be competitive and improve connectivity in the region.

This endeavor will have a significant economic impact on the region, as improved access to rail will reduce transportation costs for producers, add profit to commodities, provide opportunities for new businesses and agriculture facilities, and help sustain the economy of several rural communities. Additionally, expanded rail use as a result of these upgrades will reduce fuel usage, increase international exports, and lessen the impact of truck traffic on our roads and highways. Please also note the Sisseton-Wahpeton Oyate have offered their support for this project, as it could provide various manufacturing materials and needed propane for the tribe.

As you know, making necessary investments into our nation's infrastructure system is important to job creation and sustained economic growth in communities throughout the country. Your thorough review of their application would be greatly appreciated, and I urge you to give it every consideration. Thank you for your time and attention to this matter. Should you have any questions, please do not hesitate to contact me.

Kindest regards,


JOHN THUNE
United States Senator

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SIOUX FALLS, SD 57100
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M. MICHAEL ROUNDS
U.S. SENATOR
R111-4-10K11A

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United States Senate

WASHINGTON, DC 20510

COMMITTEES
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FOREIGN RELATIONS
INDIAN AFFAIRS
NATURAL RESOURCES

June 15, 2021

The Honorable Pete Buttigieg
Secretary of Transportation
US Department of Transportation
1200 New Jersey Avenue SE
Washington, DC 20590

Dear Secretary Buttigieg:

I understand that Sisseton Milbank Railroad Company (SMRR) will submit a grant application to the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant program. I request your full and fair consideration of the Sisseton Milbank Railroad Modernization Project grant application.

This rail modernization project will bring much needed upgrades from Milbank, SD to Sisseton, SD. The rail infrastructure improvements proposed in this RAISE grant request include replacing the existing jointed 1884 vintage manufactured rails with new continuously welded rail and associated rail infrastructure improvements. This work will result in the rail line to be operated at 25 mph and allow for the 286,000 gross weight on rail Class 1 North American railroad standard maximum weight, which will be a significant incentive for increased economic investment in this part of rural northeast South Dakota.

This short line railroad funnels South Dakota farmers' production to the North American Freight rail network, with connections to the BNSF, CP, CN and UP rail networks in Saint Paul, MN, thus avoiding highways and greatly reducing emissions in this transport. This project would allow transport of propane by rail to the Sisseton Wahpeton Oyate tribal community, reducing their delivered cost of propane. Additionally, it would create greater opportunity for shippers, cooperatives, communities and enterprises to invest in rail served facilities that will enable South Dakota agriculture marketing opportunities to flourish and provide opportunities to convert truck traffic to rail, reducing emissions.

Thank you for your full and fair consideration of the Sisseton Milbank Railroad Company's grant application.

Sincerely,



M. Michael Rounds
United States Senator

U.S. Senator Michael Rounds Washington, DC 20510 202-224-5542	P.O. Box 307 11 WEST CAPITOL AVENUE SUITE 200 RAPID CITY, SD 57501 (605) 376-1370	120 North Main Street, Suite 200 Rapid City, SD 57501 (605) 376-1400	1101 12th Street, Suite 100 Aberdeen, SD 57301 (605) 224-0050	1312 12th Street, Suite 100 Rapid City, SD 57501 (605) 376-0000
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DUSTY JOHNSON
SOUTH DAKOTA

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(855) 225-2801

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COMMITTEE ON AGRICULTURE
COMMITTEE ON EDUCATION & LABOR

Congress of the United States
House of Representatives

June 25, 2021

Pete Buttigieg, Secretary
United States Department of Transportation
1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Secretary Buttigieg:

I am writing in regard to the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant application submitted by Roberts County for the Sisseton to Milbank Railroad (SMRR) Rehabilitation Project. Roberts County intends to utilize this grant to rebuild the 37 miles of railroad line that runs between Milbank, SD and Sisseton, SD and serves to connect Grant and Roberts County with the BNSF Railway.

The current conditions of the SMRR rail and bridges prevent the use of this line to its full potential, and the SMRR Rehabilitation Project will allow access to new markets, competitive services and expand its capacity and ability to accommodate additional commodities.

This grant will help modernize and rebuild the existing line to support 286,000 pound cars and six-axle locomotives, allow for an increase in carload traffic for agricultural commodities and plastic pellets, and expand their ability to support new commodities such as propane. SDDOT has a proven record with similar projects, including the rebuild of MRC 1 & 2 from Mitchell to Presho, SD.

I strongly urge you to give full and careful consideration to Roberts County's RAISE application.

Sincerely,

DUSTY JOHNSON
Member of Congress

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