

Twin Cities & Western - Sisseton Milbank Railroad

2022 STC Grant Application

Rail Relay Project

Project Description

This project would replace 2.5 miles of 1880's vintage 60 lb rail on the Sisseton Milbank Railroad from MP 19.5 to 22. This section is just north of Wilmot. This rail is the worst on the rail line. Crews fix broken rail in this area twice a week. The rest of the railroad has train speeds of 7 to 8 mph – in this section train speeds are 4 to 5 mph. Derailments are not uncommon – in 2019 9 cars derailed and tipped over. Below are some photos of this area of the railroad.



2019 Derailment



2017 Broken Rail



Vintage Rail

Project Summary

Location

The location is in Roberts County, South Dakota on the Sisseton Milbank Railroad from MP 19.5 to MP 22 north of Wilmot SD.

Scope

The project is to replace 2.5 miles of 60lb rail with new jointed 115# rail, add 2400 tons of ballast, surface the track. Preliminary engineering and environmental will be part of the scope. If the project is selected we will be requesting pre-award authority for preliminary engineering and environmental.

Schedule

Assuming USDOT award notification in April of 2023, our goal is to construct the project in the summer of 2024. This schedule assumes prompt turnaround times from all parties.

Proposed Funding

Sisseton Milbank Rail Relay

2022 STC Grant

Description	Unit	Quantity	Unit Price \$	Total \$
New 115# RE 80'	Ton	506	2115.59	1,070,488.54
New 115# bars	Pair	344	154.44	53,165.20
New Bolts	Keg	83	164.51	13,654.33
New Lockwashers	Each	2075	.88	1,826.00
Relay Plates	Each	16,000	9.68	154,880.00
New Track Spikes	Keg	267	97.48	26,027.16
New Anchors	Each	10,700	2.51	26,857.00
Relay Rail	Linear Ft	26400	13.50	356,400.00
Relay Mobilization	Each	1	15,500	15,500.00
Construction Subtotal				1,718,798.23
Design Engineering				50,000
Construction Engineering/Project Administration				50,000
Environmental				40,000
Contingency				250,000
Total				2,108,798.23

The estimated project cost is \$2,108,798.23. Sisseton Milbank Railroad will provide 20% match of \$421,759.65 and requests the remaining \$1,687,038.58 from an STC grant. The project will be competitively bid for both materials and labor. The attached quotes were to demonstrate the basis for the estimate.

Project Readiness

The project is a simple rail replacement. This type of project is well understood from an engineering and contracting standpoint. Sisseton Milbank Railroad will design, bid and build the project as soon as possible.

Environmental Readiness

As a rail replacement project in existing right of way it is very likely this project will qualify for a Categorical Exclusion. If selected by the South Dakota Railroad Board we will request pre-award authority for preliminary engineering and environmental. Pre-award authority allows the grantee's preliminary engineering and environmental costs to be eligible for reimbursement when those costs were incurred prior to the signing of the grant agreement. The result is twofold – some costs that may not have been eligible for reimbursement will be and it allows the grantee to get a head start on the project.

Project Benefit

Currently the railroad repairs broken rail in this area twice a week. Derailments have been increasing in frequency over the past 10 years, currently happening once every year or so in this segment. Repairing this section of rail will nearly eliminate the chance of rail breakage and derailment. Repairing broken rail costs the railroad \$1000 per week – this cost would be avoided with new rail.

The railroad currently averages 700 cars (263,000lb gross weight) per year of grain from the Sisseton Elevator. The elevator also acts as a truck elevator and ships grain to a rail served elevator in Graceville – 37 miles away. When the rail gets so bad that grain cannot be safely transported over this section, the elevator will ship these 700 cars per year to Graceville by truck. Because of the reduced capacity in the rail cars due to rail condition it takes four truck loads to make up for one railcar. 2800 trucks per year driving 74 miles per round trip is 207,200 extra miles per year. USDOT says truck driver time is valued at \$32.00 per hour. 207,200 miles at 50mph is 4,144 hours. 4144 hours at \$30.80 is \$132,608 per year. Once at Graceville the truck must weigh and dump the load. Phil Deal, Wheaton Dumont Elevator manager and the overall manager of the Sisseton Elevator reports that it can take between one and four hours per truckload to unload. If we assume a 2 hour wait, that is an additional 5600 (2800 truckloads x 2 hours) hours at \$32.00 per hour for wasted truck driver time for additional \$179,200 per year. This cost is in addition to the driving time from Sisseton to Graceville. USDOT has a standard truck operating cost of \$.94 per mile. Using that value, \$194,768 is saved by not trucking this grain to Graceville. The total benefit of keeping the line in service vs allowing it to go out of service for grain movements is \$506,576 per year. The railroads cost of repairing rail breaks would be eliminated - \$12,000 per year. Total benefit per year is \$518,576. Over 30 years the

savings would be \$15.56 million less than the cost of the rail move that is being replaced – the cost of the rail move is assumed to be 25% of the savings for an adjusted benefit of \$11.67 million. There are other benefits such as reduced emissions, less truck crashes, less wear on the roadways.

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. This business is located north of the proposed project. A smaller elevator in Wilmot 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 eventually 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 benefit of \$11.67 million exceeds the cost of the project of \$2.1 million for a benefit cost ratio exceeding 5:1. This benefit cost ratio is an approximation as it does not quantify many other benefits and does not discount benefits and costs over time.

Proposed Responsible Party Tasked with Developing the Application

If selected Sisseton Milbank Railroad will develop the federal application in a format acceptable to SDDOT.

Proposed Funding for Creating the Federal Application

If selected Sisseton Milbank Railroad will fund the development of the federal application.

State Rail Plan Goals

Support Economic Growth and Development

This project will maintain rail traffic to the Sisseton Elevator and the Sisseton-Wahpeton Oyate. If this project is not completed the Sisseton-Wahpeton Oyate's plastic film business is in real jeopardy. The Sisseton Elevator will become a truck only elevator.

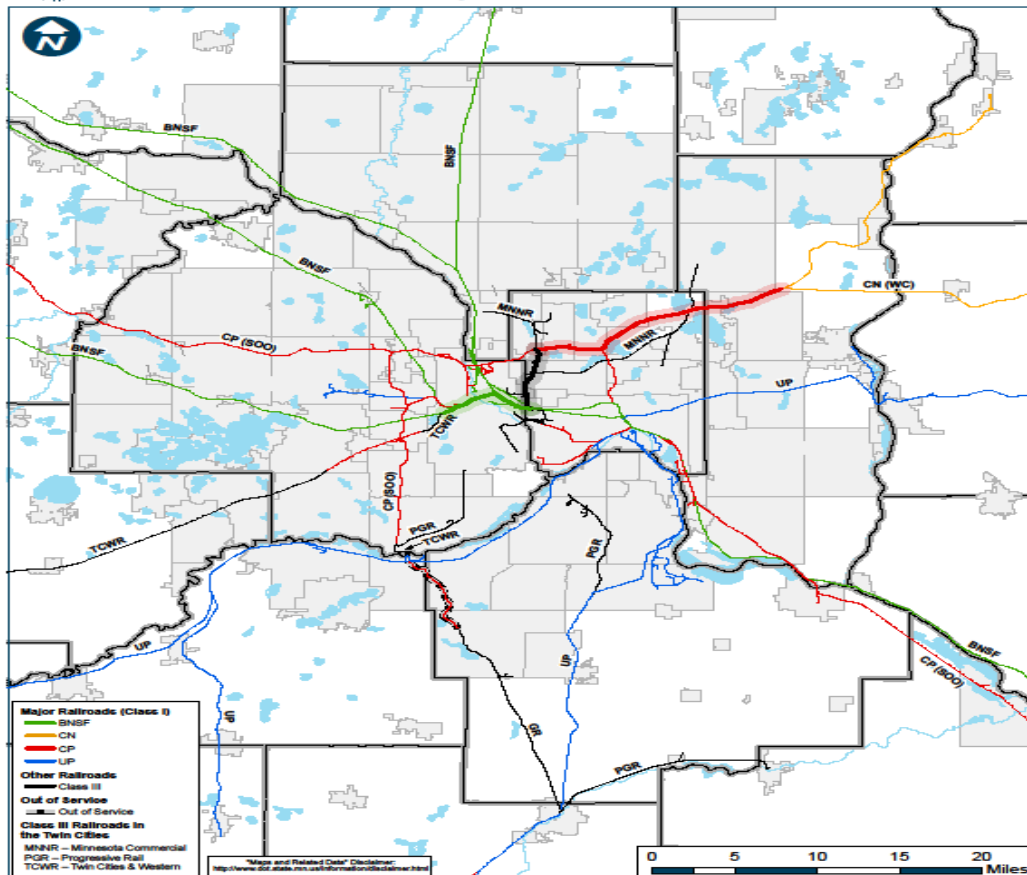
Ensure Connectivity for Critical Industries

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. Below are maps of the Twin Cities & Western Railroad and the railroads in the Minneapolis-St Paul area. Agriculture is the largest industry in South Dakota and the plastic film business is very important to the SWO.



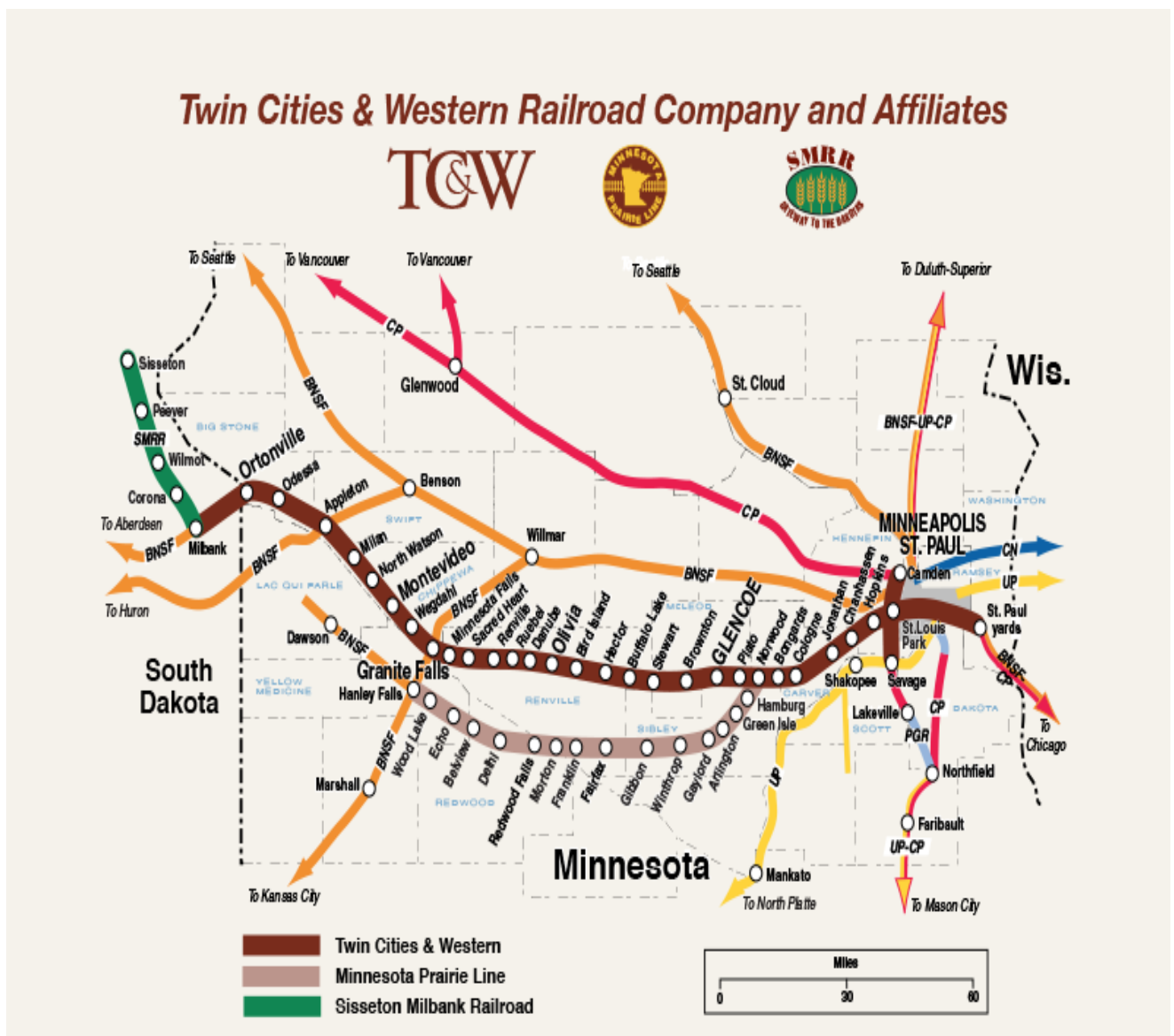
TWIN CITIES AREA FREIGHT RAILROAD MAP

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.



Maintain State Railroad Assets in a State of Good Repair

In a previous round of STC grants the SD Railroad Board awarded the SMRR a grant to replace the Lake Farley Bridge. The replacement of this bridge was necessary to keep this line open. Likewise, this project is also necessary to keep the line open – it is the worst section of the line and continues to cause maintenance and reliability problems. If this section of the line can be replaced with this grant, it buys the railroad time to seek other grants and funding sources to upgrade the entire line.


Reduce Highway Impacts

If the project is not completed the grain now moving by rail will end up moving by truck. These additional 2800 trips and 207,200 truck miles cause additional wear on the roads and the additional miles increase the possibility of a crash.

Improve Railroad Safety, Security and Resiliency

The rail on this railroad, and in this section, is in very poor condition. It is well past its useful life – it was rolled in 1884 – it is now 138 years old. Despite having new ties installed and good surfacing and ballast the rail simply can no longer handle traffic loads. It is just old. New rail will significantly improve safety and resiliency. Because the rail is old and brittle the environmental stresses from heat and cold make it more likely to break. New rail would be far more resilient in extreme temperatures.

Material and Labor Quotes

Quotation		Page 1 of 2	
 A&K Railroad Materials, Inc. Phone Fax Email		Quotation ID	QS-22-08959-6
		Date quoted	10/12/2022
		Your reference	
		Customer account	000313
Buyer	SISSETON MILLBANKS RAILROAD* 405 W Milbank Ave Milbank, SD 57252 1114 USA		Ship to SISSETON MILLBANKS RAILROAD* 405 W Milbank Ave Milbank, SD 57252 1114 USA
Requested by	RALPH SCHMIDT	Phone	605-432-6912
Email	rschmidt@tcwr.net	Fax	605-432-9318
		Cell phone	605-880-4005
WE THANK YOU FOR YOUR INQUIRY AND ARE PLEASED TO QUOTE AS FOLLOWS:			

Quantity	Unit	Description	Price unit	AMOUNT	Ship via
506.00	NT	NEW DOMESTIC 115RE AREMA RAIL IN 78-80' LENGTHS DRILLED 3-1/2X6X6, WITH 10% SHORTS	2,115.59	1,070,488.54	89 Foot Flat Car
		--ALTERNATE--			
570.00	NT	NEW DOMESTIC 115RE AREMA RAIL IN 78-80' LENGTHS DRILLED 3-1/2X6X6, WITH 10% SHORTS	2,104.29	1,199,445.30	89 Foot Flat Car
		--FULL RAIL CARS--			
344.00	PR	NEW DOMESTIC 115RE TL BARS DRILLED 3-1/2X6X6 1" BOLT HOLE	154.55	53,165.20	FB-TRUCK
83.00	KG	NEW DOMESTIC 1X6X50 BHON TRACK BOLTS WITH NUTS (25 PER KEG)	164.51	13,654.33	LTL
2,075.00	EA	NEW DOMESTIC 1" 8SQ LOCK WASHER	0.88	1,826.00	FB-TRUCK
16,000.00	EA	RELAY 5-1/2" BASE DSTP 11" PLATES	9.68	154,880.00	Gondola
267.00	KG	NEW DOMESTIC 5/8X6X100 AREMA TRACK SPIKE (120 PER KEG)	97.48	26,027.16	FB-TRUCK

PAYMENT TERMS 1/2% 10 Days, Net 30

AVAILABILITY All in stock unless noted

SHIPPING TERMS DAP (Buyer's Final Destination)

TERMS AND CONDITIONS. This Quote is issued subject to and will be governed by the A&K Railroad Materials, Inc. Sales Order Terms and Conditions that are in effect on the date of this Quote and that can be found at www.akrailroad.com. Buyer is considered to have received and agreed to be bound by the Terms and Conditions. Please contact the Sales Person listed on this Quote if you require another copy of the Terms and Conditions.

THE OPPORTUNITY OF QUOTING IS APPRECIATED AND WE HOPE THAT WE MAY BE FAVORED WITH YOUR ORDER.

PLEASE VISIT OUR WEBSITE AT WWW.AKRAILROAD.COM

**MGA Railroad Construction, Inc.**

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Sisseton & Milbank Railroad
Attn: Ralph Schmidt
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Milbank, SD 57252

October 11, 2022

2024 RAIL REPLACEMENT

Quantity	Description	Unit	Unit Cost	Subtotal
26400	RELAY OWNER FURNISHED 115 LB RAIL	PER LINEAR FT.	\$ 13.50	\$ 356,400.00
1	MOBILIZATION	LOT PRICE	\$ 13,500.00	\$ 13,500.00
			Subtotal	\$ 371,900.00
			2% Excise Tax	\$ 7,590.48
			TOTAL	\$ 379,490.48

Brett Yoshida

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