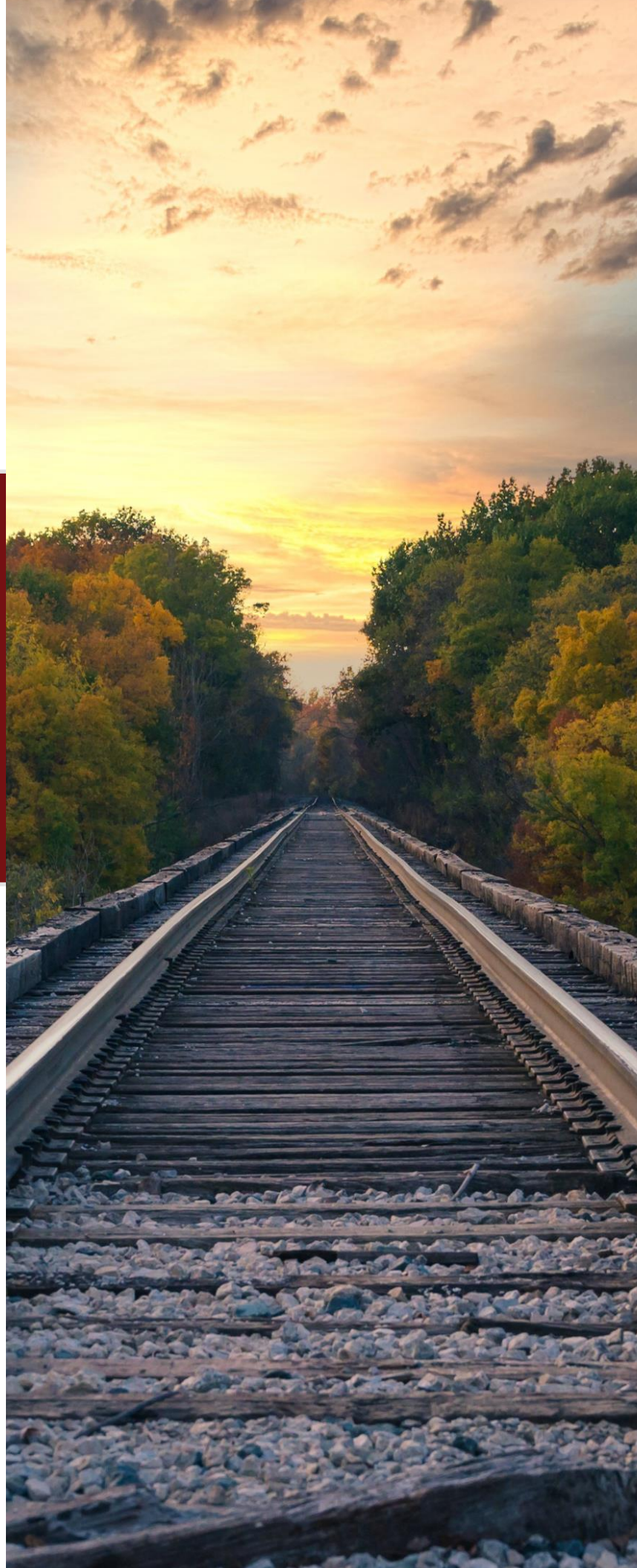
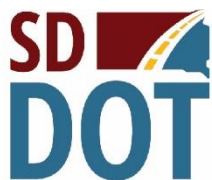


South Dakota State Rail Plan

South Dakota Department of Transportation

November 2022



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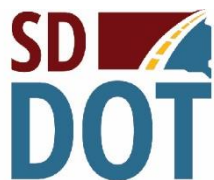
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Appendix A: Economic Impact Analysis



EXECUTIVE SUMMARY

INTRODUCTION

The South Dakota Department of Transportation (SDDOT) has developed this State Rail Plan to guide the State of South Dakota's (State) rail transportation planning activities and rail investment plans over the next 20 years.

This State Rail Plan is intended to meet the requirements established by the federal Passenger Rail Investment and Improvement Act of 2008 (PRIIA), as amended by the Fixing America's Surface Transportation Act of 2015 (FAST Act). The 2022 State Rail Plan provides an updated state vision for rail transportation in the long-range horizon, to the year 2045, and strategies to achieve that vision.

SOUTH DAKOTA'S RAIL SYSTEM

South Dakota's rail system plays an essential role in linking the state's key industries with markets throughout North America and abroad. The agricultural, bioprocessing, construction, and manufacturing industries are particularly dependent on rail for their freight transportation needs.

A brief description of South Dakota's rail network is provided below.

FREIGHT RAIL SYSTEM

South Dakota is currently served by two Class I railroads, one Class II (regional) railroad, seven Class III (short line) railroads that each provide common-carrier rail freight transportation with access to the entire North American rail network spanning the United States, Mexico, and Canada. The North American rail network is closely integrated with coastal seaports and inland river ports to facilitate import and export of raw materials and finished products to and from overseas trading partners.

In 2019, South Dakota's freight railroads carried over 115 million tons of freight, or over 1 million railcars loaded with various commodities which either originated and/or terminated within the state or traveled through the state. The leading commodity group originating in South Dakota is Farm Products, which is composed mainly of crops such as corn, soybeans, and wheat, among others. Other significant commodities handled by rail in South Dakota include fertilizer, ethanol, coal, aggregates, cement, and bentonite.

Total rail freight flows in South Dakota are forecasted to increase through 2045 at a compound annual growth rate of 1.1 percent.

PASSENGER RAIL SERVICE

South Dakota does not currently have long-distance, intercity, or commuter service provided by Amtrak or any other operator. No funding sources have yet been identified to support the operation of passenger rail service within South Dakota in the near term.

RAIL IMPACTS

Rail service is instrumental to South Dakota's economy.

In addition to the direct employment benefits, the availability of freight rail transportation service provides cost and logistical advantages that enable businesses in the state to compete effectively in the global marketplace. The presence of freight-rail service is especially important to the state's agricultural industry, which relies on rail to reach overseas markets via coastal seaports.

Railroads are nearly four times more fuel efficient than trucks on the basis of ton-miles transported. Because greenhouse gas emissions are directly related to fuel consumption, every ton-mile of freight moved by rail instead of by truck reduces greenhouse gases by up to 75 percent. The diversion of freight traffic to rail also increases the safety of South Dakota's highway system and reduces wear on highway infrastructure.

THE STATE RAIL PLAN DEVELOPMENT PROCESS

This State Rail Plan was developed under the authority and guidance of the SDDOT Office of Air, Rail, and Transit. The Office of Air, Rail, and Transit is responsible for rail planning activities in the state, the management of State-owned rail assets, and the oversight of federal grant awards received by the state for rail projects.

SDDOT actively engaged stakeholders at the earliest stages of the project. Key stakeholders included members of a Technical Panel, railroads operating within the state, and rail shippers. Other stakeholders involved were local, regional, and state government staff, elected officials, economic development agencies, special interest and advocacy groups, and the general public. Stakeholder involvement included participation in freight and passenger rail planning activities, identifying the freight and passenger rail priorities and goals for South Dakota, and identifying needs, issues, and potential future investments for rail to ensure improved freight and passenger rail service moving forward.

SDDOT facilitated specific, targeted outreach efforts to encourage participation from key stakeholders. Stakeholders were contacted by email or phone to coordinate individualized interview discussions with key project staff and advisors.

SDDOT then held four in-person public and stakeholder meetings at locations throughout the state which were widely promoted via physical mailings, newspaper ads, a press release, an email list, and social media posts. Meeting locations included Sioux Falls, Mitchell, Aberdeen, and Rapid City. Attendees at these meetings included railroad representatives, rail shippers, economic development agencies, local government staff, elected officials, special interest and advocacy groups, and other interested members of the public. A virtual, self-paced meeting was also available for 30 days after the in-person events for individuals who were unable to attend. The virtual component included all information shared at the in-person meetings as well as a short survey and comment form.

Later, SDDOT held one additional in-person workshop in Pierre, South Dakota to review the findings of the Draft State Rail Plan. A call-in option was available for participants to attend by phone. A virtual, self-paced meeting was again available for 30 days after the in-person event with information presented at the workshop. The Draft State Rail Plan chapters were uploaded to the State Rail Plan website (<https://www.southdakotasrp.com/>) and the virtual comment form remained open for comments.

SDDOT continued to solicit input throughout the process via the project website and through ongoing coordination with contacts who participated in the earlier phases of engagement.

ISSUES RAISED BY STAKEHOLDERS DURING THE STATE RAIL PLANNING PROCESS

Key stakeholders provided input throughout the state rail planning process on multiple issues related to rail in South Dakota. These issues are summarized below.

Listed below are key themes identified during stakeholder outreach activities. These themes informed research objectives during the development of the State Rail Plan.

- Westward expansion of agricultural production is a South Dakota economic success story.
 - Agricultural growth is driving the need for rail upgrades and new freight facilities in the area immediately west of the Missouri River.
- Opportunities for Investment versus Divestment.
 - There is currently a lack of dedicated funding for Regional Railroad Authorities and a lack of dedicated funding for the Railroad Trust Fund; State rail funding must be sustained through other means.
 - Investment requires strategic foresight – the State acted proactively in 1980 to preserve rail service for existing and future shippers.
 - Divestment of existing State-owned assets provides revenue for Railroad Trust Fund, which provides South Dakota with flexibility to selectively fund proposed freight rail improvement projects through grants, loans, and matching funds for competitive federal grant programs.
 - Stakeholders indicated there is a need to balance and clarify the State’s funding priorities (regarding state-of-good-repair and economic development).
- Federal grants are facilitating rail improvements throughout South Dakota.
 - South Dakota is successfully leveraging federal funding through programs such as Rebuilding American Infrastructure with Sustainability and Equity (RAISE), Consolidated Rail Infrastructure and Safety Improvements (CRISI), and Special Transportation Circumstances (STC) for major rail rehabilitation and industrial development projects.
 - South Dakota’s eligibility for the STC program hinges on the absence of Amtrak passenger rail service within the state.

- Passenger rail can connect and provide safe, comfortable, and reliable alternative transportation between isolated regions and major metropolitan areas.
 - Advocates are promoting the establishment of a formal working group at the federal level to thoroughly explore options to reintroduce passenger rail service across the “Greater Northwest” region including Minnesota, North Dakota, South Dakota, Wyoming, Montana, Idaho, Washington, and Oregon.
 - Outside of the advocacy sphere, there is doubt among other stakeholders as to whether South Dakota has the appropriate population density to justify investments in developing and operating passenger rail service.
 - Rail industry stakeholders are concerned about potential impacts on freight movement if passenger trains were introduced to existing corridors without significant capacity improvements.
 - Intercity bus service and connecting feeder transit services provide alternative transportation in South Dakota currently.
- There are opportunities to further enhance freight rail velocity, reliability, and competitiveness.
 - Need to continue to invest in state-of-good-repair and resiliency.
 - Need to mitigate terminal/interchange congestion.
 - Need to prevent intermittent industry shutdowns due to shipment delays.
 - Need for continued industrial development to increase rail carrier revenue and cash flow.
- Opportunities for further partnerships to improve highway-rail grade crossing safety and quality of life.
 - There is a significant opportunity to pursue and apply a corridor-based approach for identifying and implementing highway-rail grade crossing safety projects.
 - Municipalities wish to better understand the process for establishing whistle quiet zones and identify applicable funding opportunities.
 - Local and regional governments have a desire to pursue grade separations and mitigate blocked crossings.

Overall, stakeholders and the general public expressed understanding and appreciation of the value and potential of freight rail operations in the state and the success of South Dakota’s previous and ongoing investments in freight rail infrastructure.

SOUTH DAKOTA'S RAIL VISION AND RAIL PLAN GOALS

Because of freight rail's vital importance to the South Dakota economy coupled with the state's current lack of commuter or intercity passenger rail service, the State's Rail Vision today is informed by the role that rail currently plays within the state. South Dakota is committed to supporting the freight rail industry and enabling continued economic development.

SDDOT has developed the following vision statement for rail transportation in the state:

The South Dakota rail system shall provide competitive and efficient freight service, in the safest manner possible, to connect South Dakota businesses with domestic and international markets and support statewide economic development efforts.

The South Dakota Rail Vision is supported by the following goals:

- Support economic growth and development
- Ensure connectivity for critical industries
- Maintain State railroad assets in a state of good repair
- Reduce highway impacts
- Improve railroad safety, security, and resiliency

SOUTH DAKOTA'S RAIL PROJECT INVENTORY

The identification of potential project opportunities through targeted stakeholder outreach, along with a clear understanding of the status of existing assets and consideration of current trends and forecasts, will inform the State's prioritization of projects for future investment. The rail project inventory in the State Rail Plan lists projects in terms of funded projects that are currently in progress and stakeholder-proposed projects that do not yet have funding identified but may potentially be initiated within the next 20 years as funding is secured. The advancement of stakeholder-proposed projects for future funding opportunities will consider public benefits and impacts related to safety, resiliency, economic development and employment, rail capacity and congestion by corridor, the environment, equity, energy consumption, greenhouse gas emissions, and regional balance.

State funding programs that can benefit the rail industry are identified and discussed, as well as opportunities to leverage federal funding. Strategies to maintain federal funding compliance and compliance with other USDOT and FRA mandates, guidelines, and requirements are described. Predicated on rail needs and issues, the State Rail Plan categorizes specific needs and associated opportunities and identifies the policies, programs, strategies, and funding necessary to achieve the State's Rail Vision.

The sum of the estimated total project costs for each of the projects within the current funded program of projects for which estimated total project costs are known at this time exceeds \$107 million. Total

funding for the currently funded program includes over \$54 million in federal investment, over \$32 million in private investment, and \$20 million in State grants.

The sum of the estimated total project costs for each of the projects within the current unfunded program of future projects for which estimated total project costs are known at this time exceeds \$280 million.

Project funding sources for future projects, inclusive of federal, state, local, and private or other non-federal funding, will be determined as funding opportunities are made available in order to optimize overall funding leverage and to maximize public benefit.

STATE RAIL PLAN RECOMMENDATIONS AND NEXT STEPS

Based on the input received from stakeholders and the public during the preparation of the South Dakota State Rail Plan, SDDOT will work toward the following initiatives:

- Formalize the State's procedures for the award and disbursement of State Railroad Trust Fund dollars through grants and/or loans.
- Optimize the State's strategy for the pursuit of federal grants.
- Participate in potential future passenger rail planning efforts that may affect South Dakota.

CONCLUSION

Through this State Rail Plan update, the SDDOT has undertaken a comprehensive review of its freight rail network and has identified key issues and opportunities through a wide-ranging stakeholder and public engagement process. This State Rail Plan serves to document this information and establish a direction for future rail planning and project development while meeting the federal requirements to qualify potential projects in the state for any future federal rail funding opportunities.

The development of this State Rail Plan would not have been possible without the participation of key rail stakeholders and interested members of the public. The SDDOT expresses its gratitude to all individuals and organizations that participated in this rail planning effort.

CHAPTER 1: THE ROLE OF RAIL IN SOUTH DAKOTA

INTRODUCTION

This chapter functions as an overview of the role of the rail industry in South Dakota within the overall economic, social, and cultural landscape of the state. Identifying the role that rail fulfills in South Dakota's economy will provide the basis for the South Dakota State Rail Plan vision, goals, and objectives.

This chapter will integrate goals from relevant State of South Dakota (State) planning documentation from the freight and highway sectors, and relevant federal rail goals. This chapter will help define South Dakota's vision and direction for rail and how to advance and implement strategies to assist with management of State-owned systems.

1.1 SOUTH DAKOTA'S GOALS FOR THE MULTIMODAL TRANSPORTATION SYSTEM

The South Dakota Long Range Transportation Plan (LRTP) provides a general statewide outlook to identify relevant opportunities and trends related to the multimodal transportation system.¹ According to the LRTP, the mission of the South Dakota Department of Transportation (SDDOT) is "to efficiently provide a safe and effective public transportation system." The State's overall vision is to achieve excellence in providing transportation facilities that meet the needs of the public, leading towards Better Lives through Better Transportation, By Being the Best.

The goals of the South Dakota LRTP, as set forth by internal stakeholders, are to:

- Improve Transportation Safety and Security for all Modes of Transportation
- Preserve and Maintain the Transportation System
- Improve Mobility, Reliability and Accessibility
- Preserve South Dakota's Quality of Life
- Support Economic Growth and Development
- Promote Environmental Stewardship
- Promote Innovative Transportation Technologies

Goals specific to freight transportation are identified in the South Dakota Freight Plan. The freight plan, in turn, places the State's LRTP goals in the context of the goals of the National Highway Freight Program that were established by the Fixing America's Surface Transportation Act of 2015 (the FAST Act).

These goals are presented in **Table 1**.

¹ South Dakota Department of Transportation, Long Range Transportation Plan, August 2021. Retrieved from: <https://dot.sd.gov/media/documents/FinalSDLRTP.pdf>

Table 1: South Dakota Freight Goals

	South Dakota Long Range Transportation Plan Goals					
National Freight Goals	Safety and Security	Preservation	Efficiency and Connectivity	Quality of Life	Economic Growth and Tourism	Mobility and Transportation Choices
Improve economic efficiency, productivity, and competitiveness			•	•	•	
Reduce congestion, bottlenecks, and cost of freight transportation	•	•	•	•	•	•
Improve safety, security, and resiliency	•	•	•	•		
Improve state of good repair	•	•	•	•	•	
Use advanced technology, innovation, and competition	•		•	•	•	
Performance management and accountability	•	•	•	•	•	
Reduce adverse environmental and community impacts	•	•	•	•	•	•

1.1.1 SOUTH DAKOTA'S STATE RAIL GOALS

The 2014 South Dakota State Rail Plan identified a set of specific goals for its ongoing rail program as a reflection of broader State priorities. This State Rail Plan update does not propose modifying the existing goals, which are described in this section.

1.1.1.1 GOAL 1: SUPPORT ECONOMIC GROWTH AND DEVELOPMENT

South Dakota business, industry, and government leaders have emphasized the importance of ongoing economic development activities to enhance the standard of living and quality of life across the state. This goal suggests that planning, policy, and investment decisions should support local and regional economic development efforts by seeking to increase local freight handling capacity and capabilities, developing and promoting local freight connections, and linking rail investments to actions that support or enable economic development within the state and abroad.

1.1.1.2 GOAL 2: ENSURE CONNECTIVITY FOR CRITICAL INDUSTRIES

Providing competitive, efficient, and reliable rail connections for both existing and emerging industries helps to lower the cost of doing business in South Dakota, broadens the market reach for South Dakota products, and is a critical component of business attraction and retention strategies. Through targeted infrastructure investments, South Dakota has an opportunity to ensure that its key industries have competitive and efficient links to the national freight rail network that will ensure reliable access to both domestic and international markets.

1.1.1.3 GOAL 3: MAINTAIN STATE RAILROAD ASSETS IN A STATE OF GOOD REPAIR

As much of the State's existing rail network was inherited from prior and now-defunct Class I² railroad owners, maintaining these assets in a state of good repair today is an ongoing priority for current operators. While Class I railroads have demonstrated robust and continuous investment in recent decades, lower-density line segments that are now operated by Class II³ (regional) and Class III⁴ (short line) railroads continue to have a backlog of projects that are needed in order to enable these line segments to accommodate 286,000-lb. gross weight carloads (the current industry standard) and allow trains to operate at desired speeds. Making these types of improvements enhances the competitive advantage of each line segment and ensures that the railroad assets may continue providing safe and reliable transportation for decades to come.

1.1.1.4 GOAL 4: REDUCE HIGHWAY IMPACTS

Where direct rail service is not available, truck transportation is often required to fill a "first-mile" or "last-mile" gap in the supply chain. The result is increased truck traffic on highways and in local communities, as well as higher transportation costs for shippers due to the added complexity of coordinating shipping operations between multiple modes. Impacts of both highway traffic and shipping costs can be reduced by encouraging freight-dependent industries to locate on sites adjacent to existing railroad lines where feasible.

1.1.1.5 GOAL 5: IMPROVE RAILROAD SAFETY, SECURITY, AND RESILIENCY

The State's rail policies should seek to improve railroad operations by developing and implementing rail safety measures, conducting rail safety public awareness programs, improving safety features and motorist behaviors at highway-rail grade crossings, assessing the system for external vulnerabilities, and protecting the security of rail technology, assets, and people.

² Surface Transportation Board Adopts Final Rule Amending Thresholds for Classifying Rail Carriers, April 5, 2021. Retrieved from: <https://prod.stb.gov/news-communications/latest-news/pr-21-16/>

³ Ibid.

⁴ Ibid.

1.2 RAIL TRANSPORTATION'S ROLE IN THE STATE TRANSPORTATION SYSTEM

The railroad system in South Dakota, once totaling 4,420 route miles, has dwindled to a 1,935-mile system in 2021.^{5,6} South Dakota is currently served by two Class I railroads, one Class II (regional) railroad, seven Class III (short line) railroads, and one tourist railroad.

Rail transportation plays a vital role in supporting South Dakota's key industries, including agriculture, bioscience, construction, manufacturing, and tourism. Grain, feedstocks, biofuels, aggregates, and building materials make up the majority of originating rail freight traffic within South Dakota. Freight railroads facilitate the movement of high-volume, long-distance shipments of these commodities for domestic, overseas, and international markets. Additionally, the Black Hills Central Railroad's 1880 Train is a significant attraction for tourists visiting the Black Hills region of South Dakota, operating over 10 miles of former Burlington Northern Railroad (BN) track between Hill City and Keystone with an eclectic roster of steam and diesel motive power.

South Dakota has not had regularly scheduled intercity passenger rail service since 1969, when the Chicago, Burlington & Quincy Railroad (CB&Q) was given authorization by the Interstate Commerce Commission (ICC) to terminate its daily passenger trains, No. 42 and No. 43, operating in each direction between Omaha, Nebraska, and Billings, Montana.⁷ These trains served the town of Edgemont, South Dakota, en route between the two endpoints. By 1969, other passenger rail services within South Dakota had already been discontinued in earlier years.

The State undertook a proactive and valiant effort to preserve freight rail service during the rail crisis in the early 1980s. The Chicago, Milwaukee, St. Paul & Pacific Railroad – commonly referred to as the Milwaukee Road, embargoed service over nearly all of its route mileage in South Dakota as part of a bankruptcy reorganization and route rationalization strategy to preserve the financial and operational integrity of the underperforming railroad. Many of the embargoed route segments were acquired by the State and leased to other operators.

Since then, large portions of the State-owned network have been transferred or sold back into private railroad ownership. The former Milwaukee Road "Main Line" was sold to the Burlington Northern Railroad in 1991 for \$30.4 million. Later, the "Core System" was sold to BN's successor, BNSF Railway (BNSF), in November 2005 for \$42.5 million. Finally, the Sioux Valley rail line which runs between Elk Point and Canton, South Dakota, was sold to D&I Railroad in April 2021 for \$10 million, and the Mitchell-Rapid City (MRC) rail line was sold to Ringneck & Western LLC in May 2021 for \$13 million.

⁵ South Dakota Department of Transportation, Maximum Rail System in South Dakota. Retrieved from: https://dot.sd.gov/media/documents/rrmap_maximum.pdf

⁶ South Dakota Department of Transportation, Official South Dakota Rail Map, June 2021. Retrieved from: <https://dot.sd.gov/media/documents/railmap.pdf>

⁷ City of Sheridan et al v. United States of America et al, Harvard Law Library No. 520, October 1969.

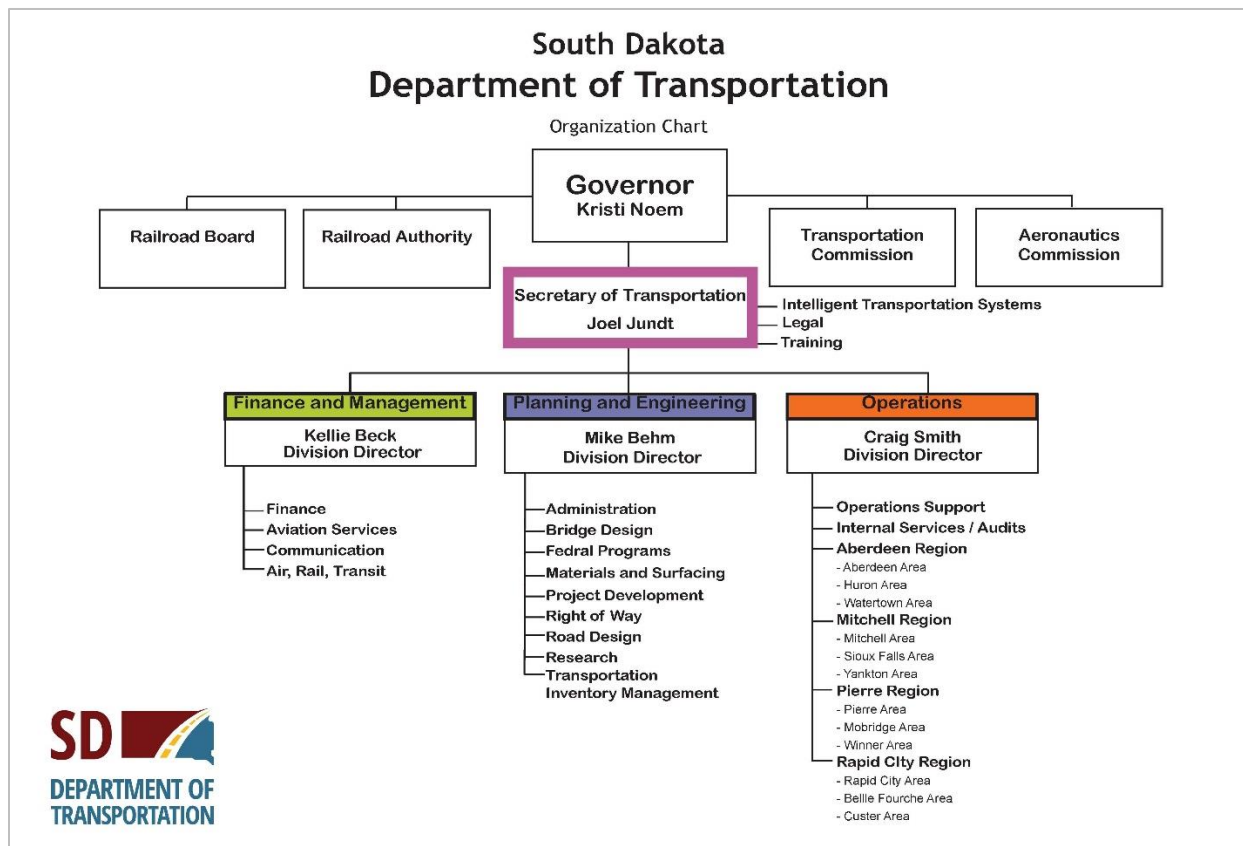
Today, the State retains ownership of three principal segments, 1) the former Milwaukee Road line between Napa and Platte, 2) a portion of a former BN-owned line between Huron and Yale, and 3) the former BN-owned line between Aberdeen and Geneseo Junction with a spur to Britton. These segments are further described in **Chapter 2**.

1.3 INSTITUTIONAL GOVERNANCE STRUCTURE OF SOUTH DAKOTA'S STATE RAIL PROGRAM

1.3.1 SOUTH DAKOTA'S RAIL ORGANIZATION AND ROLES

The SDDOT is led by the Secretary of Transportation, who reports directly to the Governor of South Dakota. The Office of Air, Rail, and Transit, within the Division of Finance and Management, administers a variety of railroad programs and is the Department's liaison to the South Dakota State Railroad Authority, South Dakota State Railroad Board, and the South Dakota Transportation Commission. **Figure 1** shows the organizational structure of SDDOT in 2022.

Figure 1: Organizational Chart of the South Dakota Department of Transportation (2022)



Source: South Dakota Department of Transportation

Planning functions of the Office of Air, Rail, and Transit include monitoring rail traffic and commodity flows, performing detailed analyses on lines threatened by abandonment or in need of financial assistance, evaluating changes in status, condition, and service on rail lines, and analyzing State-owned rail operations. The Office of Air, Rail, and Transit also handles the management of all real and personal property acquired by the State for railroad purposes, including leasing of property, utility installation, track rehabilitation, industrial track expansion, and construction. The Office of Air, Rail, and Transit prepares an annual report which outlines rail improvements that the State intends to complete for each year.

Per 1-44-18 of the South Dakota Codified Laws, the SDDOT shall conduct research on basic railroad problems, plan and assist in the development of rail transportation, develop and maintain a federal-state relationship of programs relating to railroads, assist any public or private agency or corporation in coordinating railroad services with those of other transportation modes, recommend, prepare, and review plans and specifications for any project undertaken by the South Dakota Railroad Authority, and arrange for and coordinate rail service over any properties and facilities acquired, leased, or controlled by the State of South Dakota Railroad Authority.

Per 1-44-20 of the South Dakota Codified Laws, the SDDOT, with the approval of the South Dakota State Railroad Board and the written consent of the Governor, may enter into agreements, contracts, leases (as lessor or lessee), or other arrangements with any corporation, partnership, individual, agency, or authority, on such terms and conditions as the department shall determine, including providing for the acquisition, operation, maintenance, and improvement of public rail lines, and the acquisition and disposition of any and all rights-of-way, land, facilities, fixtures and appurtenant structures, services and equipment, determined by the department to be necessary or appropriate.

1.3.2 SOUTH DAKOTA LEGISLATIVE CONTEXT

Chapter 1-44, Chapter 49-16B, and Chapter 49-17A of the South Dakota Codified Laws establish the roles and responsibilities for the SDDOT with respect to rail, as well as the roles and responsibilities of the State Railroad Board, State Railroad Authority, and Regional Railroad Authorities.

1.3.3 SOUTH DAKOTA RAILROAD AUTHORITY

The South Dakota Railroad Authority (SDRA) – authorized by Chapter 49-16B of the South Dakota Codified Laws – was created when the State acquired the “Core System” and has the power to acquire property and to construct, maintain, and equip railroad facilities as the Legislature declares to be in the public interest. The Authority also may conduct planning studies to determine the full scope of rail system needs. There are seven members on the Authority that are appointed to three-year terms by the Governor. Today, the State Railroad Authority and the State Railroad Board are one and the same, though the Authority and the Board retain their unique responsibilities and are still called to order separately during official meetings.

1.3.4 STATE RAILROAD BOARD

The South Dakota State Railroad Board approves matters related to operation, management, finance, marketing, and development of rail service over all properties and facilities acquired, leased, or controlled by the State. The Board also may, upon written approval of the Governor, issue loans from the Railroad Trust Fund.

Per 1-44-25 of the South Dakota Codified Laws, the South Dakota State Railroad Board consists of seven members to be appointed by the Governor. Members shall serve a three-year term. No more than five members may be of the same political party. No person may be appointed to the board who is an elected official of the State of South Dakota or any subdivision thereof. Any member appointed to fill a vacancy arising from other than the natural expiration of a term shall serve only for the unexpired term but may be reappointed to a full term. The South Dakota State Railroad Board shall annually choose from its membership a chair, a vice chair, and a secretary-treasurer. No member may be removed from office except for cause.

Per 1-44-26 of the South Dakota Codified Laws, at least one member, in the opinion of the Governor, shall be a person experienced in or having a favorable reputation for skill, knowledge, and experience in business management. At least one member, in the opinion of the Governor, shall be a person experienced in or having a favorable reputation for skill, knowledge, and experience in the operation of railroad service. At least one member, in the opinion of the Governor, shall be a person experienced in or having a favorable reputation for skill, knowledge, and experience in private or public finance. At least one member, in the opinion of the Governor, shall be a person experienced in or having a favorable reputation for skill, knowledge, and experience in marketing. At least one member of the commission shall be, in the opinion of the Governor, a person who is a user of rail service. Two members shall be from the public at large.

Per 1-44-27 of the South Dakota Codified Laws, the Department of Transportation shall obtain the approval of the Railroad Board in the matters of operation, management, finance, marketing, and development of rail service over all properties and facilities acquired, leased, or controlled by the State.

1.3.5 REGIONAL RAILROAD AUTHORITIES

In 1978, the South Dakota Legislature allowed two or more subdivisions to unify to establish Regional Railroad Authorities. Per 49-17A of the South Dakota Codified Laws, a Regional Railroad Authority may plan, establish, acquire, develop, construct, purchase, enlarge, improve, maintain, equip, operate, regulate, and protect railroads and railroad facilities used or useful in the operation of the railroad. They also may have taxing power through the subdivisions through which the Authority was established. The Authority serves as a legal entity to accept State Railroad Trust Fund dollars. The Authority concept is in wide use in South Dakota, with 27 Railroad Authorities established in the State, shown in **Table 2** below, although not all of these Authorities are currently active.

Chapter 1: The Role of Rail in South Dakota

South Dakota State Rail Plan

Table 2: South Dakota Regional Railroad Authorities (2022)

No.	Name	Counties	Status
1	Aberdeen-Brown County Regional Railroad Authority	Brown, Spink, Beadle, Edmunds	Active
2	Beadle County Regional Railroad Authority	Beadle	Inactive
3	Brookings County Regional Railroad Authority	Brookings	Active
4	Butte County Regional Railroad Authority	Butte	Inactive
5	Dakota Regional Railroad Authority	Statewide	Inactive
6	Day County Regional Railroad Authority	Day	Active
7	East Central Regional Railroad Authority	Beadle	Active
8	Grant County Regional Railroad Authority	Grant	Inactive
9	Haakon County Regional Railroad Authority	Haakon	Inactive
10	Hand County Regional Railroad Authority	Hand	Active
11	Hughes County Regional Railroad Authority	Hughes	Active
12	Hyde County Regional Railroad Authority	Hyde	Inactive
13	Kingsbury County Regional Railroad Authority	Kingsbury	Inactive
14	Lake Area Regional Railroad Authority	Lake	Inactive
15	Lake-Minnehaha County Regional Railroad Authority	Lake, Minnehaha	Inactive
16	Marshall County Regional Railroad Authority	Marshall	Active
17	McLaughlin-Corson County Regional Railroad Authority	Corson	Inactive
18	MRC Regional Railroad Authority	Davison, Aurora, Brule, Jones	Active
19	Napa-Platte Regional Railroad Authority	Charles Mix, Bon Homme	Inactive
20	Northeast Roberts Regional Railroad Authority	Roberts	Inactive
21	Northern Hills Regional Railroad Authority	Butte, Lawrence, Meade, Pennington	Inactive
22	Roberts Regional Railroad Authority	Roberts	Active
23	Sioux Valley Regional Railroad Authority	Lincoln, Union	Active
24	Southern Union County Regional Railroad Authority	Union	Inactive
25	Sully County Regional Railroad Authority	Sully	Active
26	Turner County Regional Railroad Authority	Turner	Inactive
27	Watertown-Codington County Regional Railroad Authority	Codington	Inactive

1.3.6 ADDITIONAL PUBLIC SECTOR RAIL PLANNING IN SOUTH DAKOTA

1.3.6.1 SOUTH DAKOTA GOVERNOR’S OFFICE OF ECONOMIC DEVELOPMENT⁸

The South Dakota Governor’s Office of Economic Development (GOED) works to expand primary job opportunities for the people of South Dakota. The GOED strives to retain and expand existing businesses, foster new businesses, facilitate business succession, and recruit out-of-state businesses. Recruitment efforts are focused on key industries, listed below:

- Manufacturing
- Bioscience
- Value-Added Agriculture
- Livestock Development
- Precision Agriculture
- Cybersecurity

The office works closely with community economic development corporations to expand and diversify South Dakota’s industry and economy. Additionally, GOED administers a variety of financing opportunities available to new and existing businesses.

1.3.6.2 SOUTH DAKOTA DEPARTMENT OF NATURAL RESOURCES AND AGRICULTURE⁹

In addition to its primary role as a regulator, the South Dakota Department of Agriculture and Natural Resources (SD DANR) also promotes agriculture and the markets for South Dakota products. According to National Agricultural Statistics Service data from 2020, South Dakota’s top agricultural commodities in terms of production are beef in the livestock category and corn, soybeans, hay & haylage, wheat, and sunflowers in the crop category.¹⁰ These products can be shipped to destinations nationwide via the national freight rail network. The SD DANR works with SDDOT regarding long-range plans for all transportation modes.

1.3.6.3 METROPOLITAN PLANNING ORGANIZATIONS

The purpose of a Metropolitan Planning Organization (MPO) is to coordinate the local transportation planning activities of urbanized areas with the statewide planning activities of the SDDOT and to facilitate the programming of federal and state funding for regional transportation improvement projects.

The state MPO Coordinator acts as the liaison between SDDOT and the three active MPOs in South Dakota by representing SDDOT on various MPO committees and providing technical assistance as requested.

⁸ South Dakota Governor’s Office of Economic Development. Retrieved from: <https://sdgoed.com/about-us/>

⁹ South Dakota Department of Agriculture and Natural Resources. Retrieved from: <https://danr.sd.gov/>

¹⁰ United States Department of Agriculture, 2021 State Agriculture Overview, South Dakota. Retrieved from: https://www.nass.usda.gov/Quick_Stats/Ag_Overview/stateOverview.php?state=SOUTH%20DAKOTA

The three active MPOs in South Dakota are listed below:

- Rapid City Metropolitan Planning Organization
- Siouxland Interstate Metropolitan Planning Council (SIMPCO)
- Sioux Falls Metropolitan Planning Organization

1.3.6.4 LOCAL ECONOMIC DEVELOPMENT AGENCIES

South Dakota has a number of entities statewide that aim to bolster local economic growth opportunities through various means including retaining and recruiting businesses and industries based on location, skills of the labor force, room for expansion, and transportation assets and access. These entities are commonly referred to as local economic development agencies. A number of local economic development agencies in South Dakota have been instrumental in promoting freight rail service and advocating for direct rail access for rail-served industries.

SIOUX FALLS DEVELOPMENT FOUNDATION¹¹

The Sioux Falls Development Foundation is a non-profit economic development corporation with the mission of improving the economy of the Sioux Falls region. The Sioux Falls Development Foundation has been instrumental in developing Foundation Park, the latest rail-served industrial park development in Sioux Falls.

BELLE FOURCHE DEVELOPMENT CORPORATION¹²

The Belle Fourche Development Corporation (BFDC) is a local economic development agency focused on growth, revitalization, housing, workforce development, business retention and expansion, and community development. BFDC is currently developing a rail-served industrial park to provide ease of access to rail freight transportation for prospective businesses.

1.4 STATE AUTHORITY FOR GRANT, LOAN, AND OTHER FINANCING

The South Dakota Railroad Board loan program allows Regional Railroad Authorities to apply for loan(s) from the Railroad Trust Fund for the rehabilitation, expansion, and construction of industrial sidings or main line track. SDDOT is currently evaluating potential strategies to provide a more prescriptive loan program structure for the Railroad Trust Fund.

The Railroad Trust Fund does not have a dedicated revenue source. The Railroad Trust Fund primarily sustains itself through loan repayment, though additional funds have been dedicated to the Railroad Trust Fund by the South Dakota Legislature and through the divestiture of State-owned railroad property and assets.

¹¹ Sioux Falls Development Foundation, Overview. Retrieved from: <https://siouxfallsdevelopment.com/foundation/>

¹² Belle Fourche Development Corporation. Retrieved from: <https://bfdcsd.com/>

A total of four loans have been issued from the Railroad Trust Fund in the past five years, totaling \$4.6 million.

In 2020, the State Legislature allocated a one-time contribution of \$20 million to the Railroad Trust Fund for use as matching non-federal funds to support a federal Rebuilding America Infrastructure with Sustainability and Equity (RAISE) grant for the South Dakota Freight Capacity Expansion Project. The South Dakota Freight Capacity Expansion Project was selected to receive the RAISE grant in 2021 and will support upgrades along the Rapid City, Pierre & Eastern Railroad (RCPE) PRC Subdivision between Pierre and Rapid City, South Dakota.

1.5 SUMMARY OF RAIL SERVICES, INITIATIVES, AND STUDIES

1.5.1 FREIGHT RAIL SERVICES AND INITIATIVES

South Dakota is currently served by two Class I railroads, one Class II (regional) railroad, seven Class III (short line) railroads that each provide common-carrier rail freight transportation with access to the entire North American freight rail network spanning the United States, Mexico, and Canada. The North American rail network is closely integrated with coastal seaports and inland river ports to facilitate import and export of raw materials and finished products to and from overseas trading partners.

Freight rail service is provided exclusively by privately owned railroad companies that own, lease, or have joint-use agreements for all of the track that they operate on. Large Class I railroads typically achieve a sufficient return on investment to maintain rail infrastructure and other assets in a state of good repair to support ongoing operations and are expected to remain self-sufficient or attract additional private investment to meet their capital needs. Regional and short line railroads, by contrast, continue to be faced with unmet needs due to having legacy infrastructure inherited from prior Class I railroad owners where underinvestment or deferral of routine maintenance have created capital improvement backlogs that may potentially exceed the smaller railroads' own funding capabilities.

Current initiatives include ongoing work to ensure that the freight rail network is maintained in a state of good repair and is capable of accommodating loaded railcars with a maximum gross weight of 286,000 lbs. These efforts are being directly supported through recent federal grant awards. There are also initiatives underway to develop customizable industrial sites with direct rail access in order to accommodate new businesses.

1.5.2 PASSENGER RAIL SERVICES AND INITIATIVES

South Dakota does not currently have any regularly scheduled intercity or commuter passenger rail service. South Dakota has not been served by the federally-funded National Railroad Passenger Corporation (Amtrak) since Amtrak's inception in 1971. Amtrak was created to assume the operation of passenger rail services that prior to 1971 had been operated by privately-owned Class I railroad companies. At the time of Amtrak's creation, Amtrak retained only a fraction of the total route miles of

intercity passenger rail service operated by Class I railroads at the time, leading to the termination of many services. Many other intercity passenger rail services had already been discontinued prior to the creation of Amtrak. This was precipitated by the United States Post Office's decision in 1967 to discontinue the use of passenger trains for intercity mail and parcel movement in favor of trucks.

Since 1971, there has been considerable curiosity and public support for the reintroduction of passenger rail services.

1.5.2.1 MIDWEST INTERSTATE PASSENGER RAIL COMMISSION¹³

The Midwest Interstate Passenger Rail Commission (MIPRC) is an interstate compact commission of Midwestern state legislators, governors and their designees that promotes the growth and development of state and regional passenger rail to create and maintain a modern, clean, efficient transportation network.

Formed by compact agreement in 2000, MIPRC's current members are Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, North Dakota, and Wisconsin. Iowa, Nebraska, Ohio, and South Dakota are also eligible to join.

Since 2000, the Midwest Interstate Passenger Rail Commission has brought together state leaders from across the region to work towards developing and implementing a 21st-century passenger rail system. Accomplishing this goal involves adding the Midwest Regional Rail Initiative network and additional state-supported corridors to the region's existing passenger rail infrastructure.

MIPRC has a primary role in advocating for the federal government to develop an enduring collaboration with states for passenger rail development similar to the partnership it has with states for other modes of transportation. MIPRC also works to ensure that Midwestern states have the support and interstate coordination they need to move forward with the region's passenger rail improvement plans.

1.5.2.2 ALL ABOARD NORTHWEST¹⁴

All Aboard Northwest is an advocacy organization that seeks to cultivate regional support for the reinstatement and expansion of long-distance intercity passenger rail service across the "Greater Northwest Region" spanning the northern tier of the western United States, encompassing the states of Minnesota, North Dakota, South Dakota, Nebraska, Montana, Wyoming, and Idaho, where a large geographical area is not currently served by Amtrak.

All Aboard Northwest has a goal of establishing a formal Greater Northwest Passenger Rail Coalition working group to enable stakeholders in the region to work directly with the Federal Railroad Administration (FRA) on a federally supported multi-state service development planning effort.

¹³ Midwest Interstate Passenger Rail Commission. Retrieved from: <https://miprc.org/>

¹⁴ All Aboard Northwest. Retrieved from: <https://allaboardnorthwest.org/>

1.5.3 SOUTH DAKOTA RAIL STUDIES

1.5.3.1 FREIGHT RAIL STUDIES

SOUTH DAKOTA STATE RAIL PLAN (2014)^{15, 16}

The most recent South Dakota State Rail Plan published in 2014 provided an assessment of the freight railroad system serving South Dakota businesses and communities. The plan provides information on the condition and performance of the freight rail system and guidance on policies, programs, and projects to improve the system.

The plan accomplished the following:

- Examined how the state uses railroad services
- Identified where improvements are needed
- Described opportunities for the state, through policy initiatives and targeted investments, to make public sector investments and encourage private sector investments
- Recommended priorities for state, public private rail partner action

The plan identified and illustrated South Dakota's commitment to the following goals:

- Support economic growth and development
- Ensure connectivity for critical industries
- Maintain State railroad assets in a state of good repair
- Reduce highway impacts
- Improve railroad safety, security, and resiliency

The plan identified 27 potential projects to address rail system needs, totaling \$455.4 million. These included projects to address bottlenecks and increase interchange efficiency, bridge capacity projects, track condition projects, safety projects, and projects that would support industrial development opportunities. Of those 27 projects, 15 were located on the State-owned system, totaling \$162.9 million.

SOUTH DAKOTA HIGHWAY-RAIL GRADE CROSSING STATE ACTION PLAN (2021)

The South Dakota Highway-Rail Grade Crossing State Action Plan (SAP) describes South Dakota's current practices and programs related to highway-rail and pathway grade crossing safety. The SAP conducted a conceptual safety analysis to identify potential emphasis areas and key areas of need, and developed an action plan for the implementation of short- and long-term strategies to aid in achieving the overarching goals of improving safety at public highway-rail and pathway grade crossings statewide.

¹⁵ South Dakota Department of Transportation, South Dakota State Rail Plan Volume 1, September 2014. Retrieved from: https://dot.sd.gov/media/documents/DR2_Vol1_SDDOT_StateRIPln.pdf

¹⁶ South Dakota Department of Transportation, South Dakota State Rail Plan Volume 2, September 2014. Retrieved from: https://dot.sd.gov/media/documents/DR2_Vol2_SDDOT_StateRIPln.pdf

Chapter 1: The Role of Rail in South Dakota

South Dakota State Rail Plan

The development of the SAP complied with federal requirements as described under Section 11401 of the Fixing America's Surface Transportation (FAST) Act and as amended by the Final Rule issued by the FRA on December 14, 2020.¹⁷ The SAP development process also provided South Dakota an opportunity to work with multiple stakeholders to identify strategies for improving highway-rail and pathway grade crossing safety statewide. Per the Final Rule, each state's SAP must accomplish the following:

- Identify highway-rail and pathway grade crossings that:
 - Have experienced at least one accident/incident within the previous 3 years.
 - Have experienced more than one accident/incident within the previous 3 years.
 - Are at high-risk for accidents/incidents as defined in the Action Plan.
- Identify data sources used to categorize and evaluate the highway-rail grade crossings, including pathway grade crossings.
- Discuss specific strategies, including highway-rail grade crossing closures or grade separations, to improve safety at those crossings over a period of at least four years.
- Provide an implementation timeline for the strategies identified.
- Designate an official responsible for managing implementation of the state's highway-rail grade crossing action plan.

The SAP presents a data analysis for 10 years of available accident/incident data between the years 2011 and 2020. This assessment is based on accident/incident records maintained by the FRA Office of Safety Analysis. The total number of accidents/incidents at public highway-rail grade crossings in South Dakota has averaged approximately 12 per year over this time period. While the total number of accidents/incidents fluctuates from year to year, the overall trend has recently seen a modest increase. However, of particular note is the lack of fatal accidents/incidents on record between the years 2015 and 2018.

Per federal guidance, the SAP also identifies locations where two or more accidents/incidents have occurred within the previous five years. In total, five locations were identified that experienced two or more accidents/incidents between 2016 and 2020. These crossings were reviewed further to identify common features or safety trends.

¹⁷ Federal Register, Volume 85, Number 240, December 14, 2020. Retrieved from: <https://www.govinfo.gov/content/pkg/FR-2020-12-14/pdf/2020-26064.pdf>.

Through the development of the SAP, SDDOT established a series of goals and objectives and related strategies designed to improve safety for the key areas of need/emphasis areas identified through the safety analysis. Each is based on federal guidance to establish goals that are Smart, Measurable, Agreed-upon, Realistic, and Time-bound (SMART). SDDOT's SAP goals include the following:

- Goal 1: Reduce Total Highway-Rail Grade Crossing Accidents/Incidents by Half
- Goal 2: Work Towards Achieving and Maintaining Zero Fatal Accidents/Incidents
- Goal 3: Prioritize Safety Improvements at Crossings Experiencing Multiple Accidents/Incidents
- Goal 4: Increase Awareness of Railroad Crossing Improvement Program (RCIP)
- Goal 5: Increase Transparency and Objectivity of Safety Improvement Selection Process

Specific measures of progress for each goal are detailed further within the SAP. Specific actions and related strategies identified to achieve the goals are also provided in further detail in the SAP. For each action, the SAP proposes a series of specific items for SDDOT and other rail safety stakeholders to pursue. The actions described in the SAP include:

- Action 1: Implement Modified Approach for Safety Improvement Selection
- Action 2: Develop Enhanced Statewide Grade Crossing Inventory
- Action 3: Identify Opportunities for Implementation of Crossing Illumination
- Action 4: Enhance Communication with Eligible RCIP Applicants
- Action 5: Ongoing Coordination between Rail Safety Stakeholders
- Action 6: Targeted Public Education and Awareness Efforts

While no formal agreements between SDDOT and rail safety stakeholders have yet been established, the SAP identifies the potential roles and responsibilities of these partners. Representatives from these stakeholder groups have been involved throughout the development of the SAP. They have had the opportunity to review the final documentation and SDDOT will coordinate with them with further throughout the implementation of these goals and action items during the short-term horizon for the SAP (years 2022 through 2025) and beyond.

RAPID CITY QUIET ZONE ASSESSMENT¹⁸

In 2018, the City of Rapid City, South Dakota conducted the Rapid City Quiet Zone Assessment to investigate options to improve safety and minimize the impacts of train horn noise at multiple highway-rail grade crossings throughout the community. The FRA's Train Horn Rule, issued in June 2005, offers an opportunity to accomplish this objective. The Train Horn Rule specifies the procedures and actions

¹⁸ City of Rapid City, Rapid City Quiet Zone Assessment, August 2018. Retrieved from: https://www.rcgov.org/index.php?option=com_docman&view=download&alias=11397-rapid-city-quiet-zone-assessment-final-report&category_slug=08-august-tp-2&Itemid=149

necessary to establish whistle quiet zones (QZs) with FRA approval through the implementation of supplementary or alternative safety measures.

The assessment included 14 existing highway-rail grade crossings in downtown Rapid City. Field diagnostic review of the crossings were conducted and were attended by representatives from the city, the FRA, and the railroads. The report provides a summary of the quiet zone assessment results, discussion items, and consultant recommendations. The report also includes proposed crossing improvement scenarios with planning level layouts, construction cost estimates for each crossing, and a discussion of the potential for a phased quiet zone implementation.

1.5.3.2 PASSENGER RAIL STUDIES

MIDWEST REGIONAL RAIL PLAN¹⁹

The Midwest Regional Rail Plan (MWRRP) is a multi-state intercity passenger rail network planning study led by the FRA, in partnership with stakeholders from across the Midwest region. The MWRRP sets forth a strategic long-term vision for passenger rail in the Midwest, addressing topics including potential network configuration, service levels, financing, and governance. This study builds on established rail initiatives as well as other ongoing state planning efforts and is intended to support existing plans.

The Midwest is a large and economically robust region located at the geographic crossroads of North America. The rail network in the Midwest is dense and provides numerous potential existing route options for future passenger rail corridors. The MWRRP evaluated developing rail plans within the context of this regional outlook, which included a current network of passenger, commuter, and freight rail systems.

Further details about the Midwest Regional Rail Plan as it relates to potential regional intercity passenger rail corridor development in South Dakota are provided in **Chapter 3**.

¹⁹ Federal Railroad Administration, Midwest Regional Rail Plan, October 2021. Retrieved from: <https://railroads.dot.gov/sites/fra.dot.gov/files/2021-10/Final%20Report-MWRRP%20with%20Appendices%20PDFa.pdf>

CHAPTER 2: SOUTH DAKOTA'S EXISTING RAIL SYSTEM

INTRODUCTION

This chapter provides an assessment of South Dakota's existing rail system, describes the current condition and performance of rail operations on the current rail system, and identifies the current needs and opportunities for rail service in South Dakota.

All railroads operating in South Dakota were contacted to provide updated details on their operations, needs, and proposed projects.

2.1 SOUTH DAKOTA'S EXISTING RAIL SYSTEM: DESCRIPTION AND INVENTORY

This section provides a detailed analysis of current South Dakota rail assets and rail operations to create a profile of South Dakota freight rail systems.

2.1.1 EXISTING RAIL LINE NETWORK

This profile includes the physical and operational information for active rail line segments including owner, operator, and use; route or track miles; trackage or haulage rights; maximum permitted train speeds for freight and passenger trains; track configuration; signal systems; description of services over the line, traffic density, and traffic types; clearances; weight limitations; and double-stack train capabilities, etc.

This profile identifies the strategic importance of each rail line to its owning railroad and to the state, identifies the categories of traffic that move over the line, and the markets and industries the line exists to serve.

2.1.1.1 FREIGHT RAIL NETWORK

The South Dakota rail network is comprised of approximately 1935 total active rail miles in 2021. The majority of these rail miles are privately owned by eight railroads, including two Class I or large national railroads, one Class II or regional railroad, and five Class III or short line railroads. The State of South Dakota owns the remaining active rail miles that are operated by Class II and Class III railroads.

Table 3 illustrates the rail mileage owned and operated (via lease or trackage rights) for each of these railroads in South Dakota as of 2021. Note that approximately 75 percent of the South Dakota rail network is currently owned and operated by one Class I railroad (BNSF) and one Class II railroad (RCPE).

A map of the existing South Dakota rail network is presented in **Figure 2**.

Figure 3 shows the maximum allowable gross weight capacity of South Dakota rail line segments.

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Table 3: Railroad Owners in South Dakota by Classification and Mileage, 2021

Railroad	Reporting Mark	Railroad Classification	Route Miles Owned in South Dakota	Route Miles Leased in South Dakota	Trackage Rights Miles in South Dakota
BNSF Railway	BNSF	Class I	900.4	0.0	28.0
Canadian Pacific Railway	CP/SOO	Class I	6.0	0.0	0.0
Rapid City, Pierre & Eastern Railroad	RCPE	Class II	577.6	15.3	136.9
D & I Railroad	DAIR	Class III	54.2	0.0	38.2
Dakota, Missouri Valley & Western Railroad	DMVW	Class III	0.0	56.4	3.0
Dakota Southern Railway	DSRC	Class III	0.0	54.5	0.0
Ellis & Eastern Railroad	EE	Class III	21.6	0.0	5.6
Ringneck & Western Railroad	RWRR	Class III	187.8	0.0	3.0
Sisseton Milbank Railroad (Subsidiary of Twin Cities & Western Railroad)	SMRR	Class III	37.1	0.0	0.0
Sunflour Railroad	SNR	Class III	19.4	0.0	0.0
Twin Cities & Western Railroad	TCWR	Class III	0.0	0.0	12.0
State of South Dakota (South Dakota Railroad Authority)	SDRA	Non-Operating	130.4	0.0	0.0
Total Miles	-	-	1934.5	126.2	226.7

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Figure 2: South Dakota State Rail Network (2022)

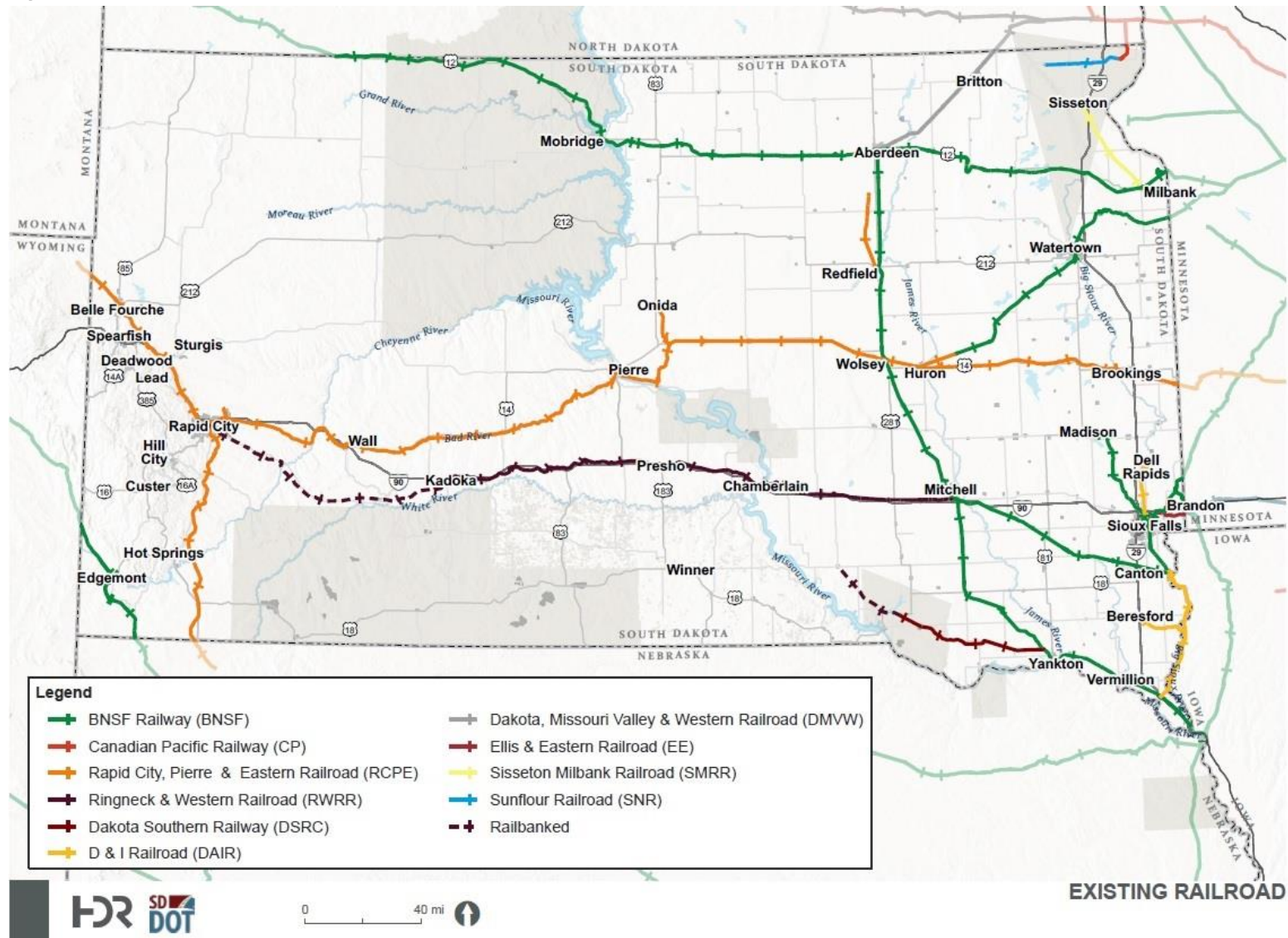
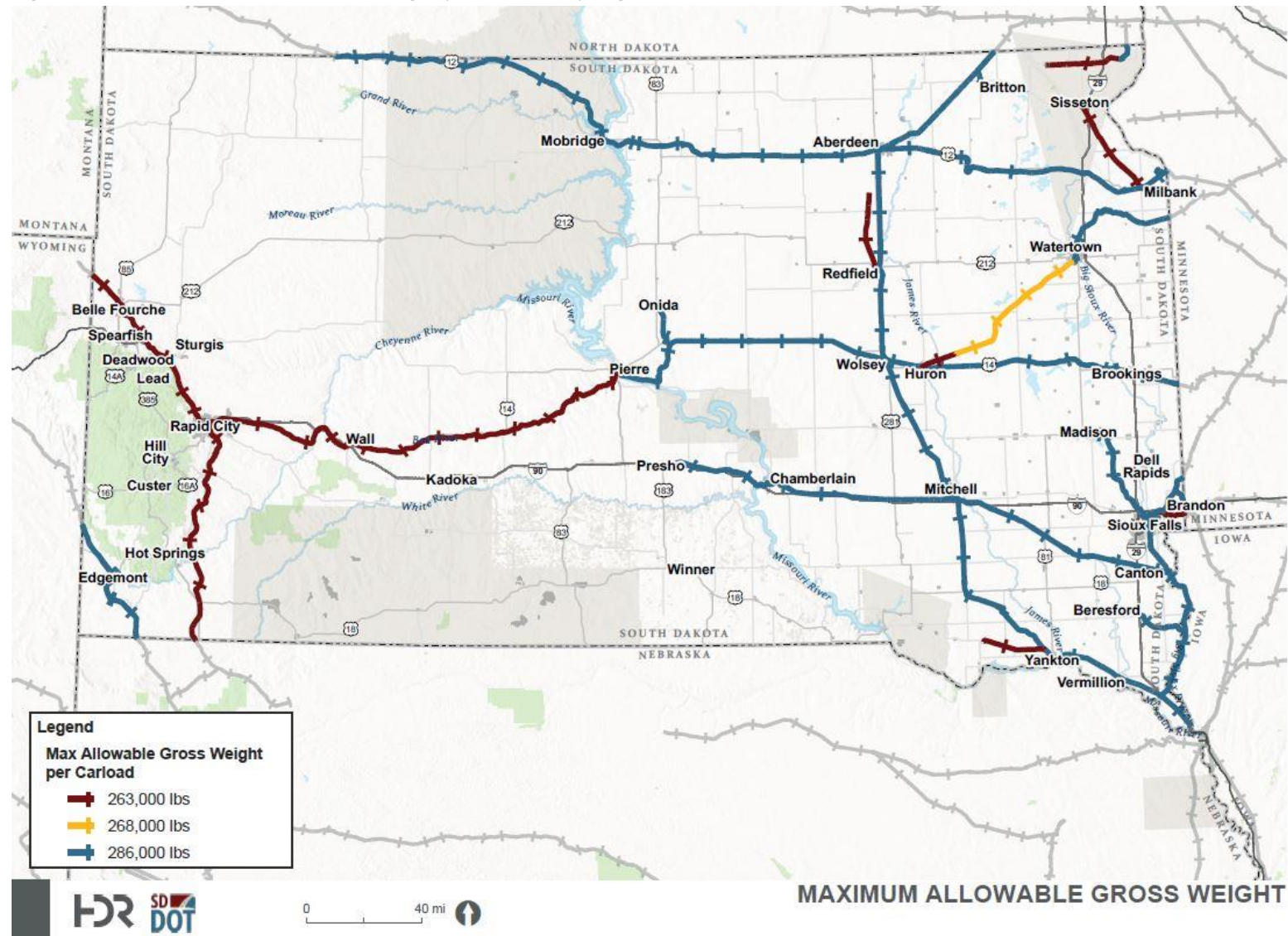


Figure 3: Maximum Allowable Gross Weight per Carload by Segment (2022)



BNSF RAILWAY

BNSF Railway (BNSF) is one of the largest Class I railroads in North America in terms of track-miles and market share. BNSF is headquartered in Fort Worth, Texas. As of 2021, BNSF operated about 32,500 miles of track in 28 states and three Canadian provinces. About 23,191 route-miles are owned by BNSF systemwide, with the remainder operated by the railroad pursuant to trackage rights or leases. BNSF handled 10.1 million carloads in 2021 and invested \$2.97 billion in capital improvements and upgrades.²⁰

BNSF had two primary historical predecessors in South Dakota. One predecessor was the Great Northern Railroad (GN), which operated a main line between Willmar, Minnesota and Sioux City, Iowa, via Garretson, South Dakota, together with multiple branch lines reaching into South Dakota from the east and north, serving Watertown, Sioux Falls, Huron, and Aberdeen. The other historical predecessor was the Chicago, Burlington, and Quincy Railroad (CB&Q) which operated a main line between Alliance, Nebraska, and Billings, Montana, via Edgemont, South Dakota, with a branch line into the Black Hills region, terminating in Deadwood.

In 1970, the GN and CB&Q, together with the Northern Pacific, and Spokane, Portland & Seattle railways were merged to form a vast Class I network—Burlington Northern Railroad (BN)—stretching from the Midwest to the Pacific Northwest and extending from Canada to the Gulf Coast.

Following the bankruptcy of the Milwaukee Road and subsequent State ownership of former Milwaukee Road line segments, BN then assumed operations on these lines to provide local freight rail service while making lease payments to the State of South Dakota. The former Milwaukee Road “Main Line” between Terry, Montana, and Ortonville, Minnesota, was sold to BN ownership in 1991, while BN continued to lease and operate the “Core System”.

The Burlington Northern Santa Fe Railway, now rebranded as BNSF Railway, was created on September 22, 1995, from the merger of the Burlington Northern Railroad and the Santa Fe Pacific Corporation (parent company of the Atchison, Topeka & Santa Fe Railway), further expanding the reach of South Dakota rail shippers to a greater array of origins and destinations in the larger combined network. Since 2010, BNSF has been a subsidiary of Omaha, Nebraska-based investment firm, Berkshire Hathaway.

BNSF acquired the “Core System” from the State of South Dakota in 2005 for \$42.5 million.

Figure 4 shows a BNSF train serving a customer in Roscoe, South Dakota.

²⁰ BNSF Railway, BNSF Facts, March 2022. Retrieved from: https://www.bnsf.com/bnsf-resources/pdf/about-bnsf/fact_sheet.pdf

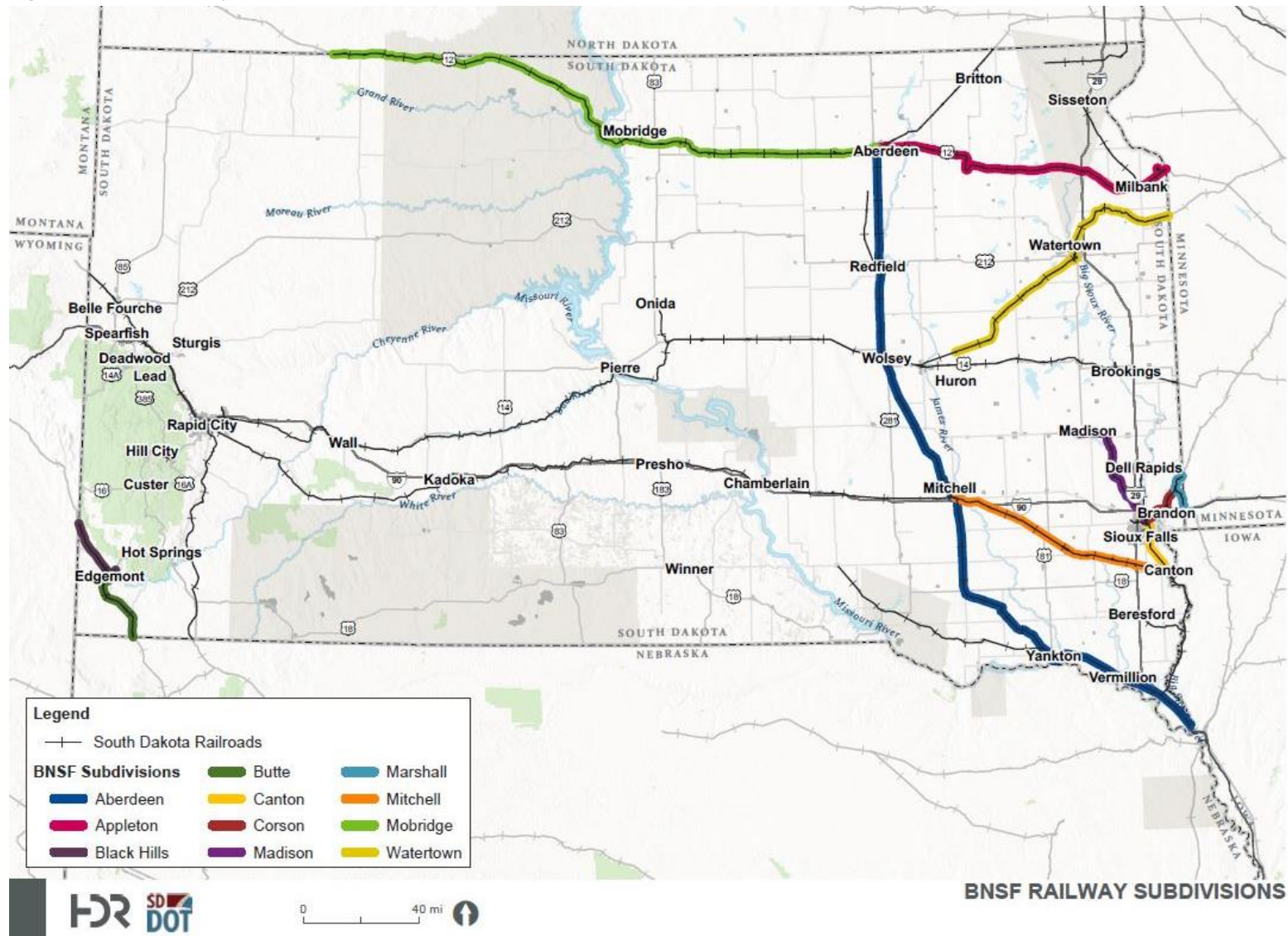
Figure 4: BNSF Railway Serving Grain Elevator at Roscoe, South Dakota



Today, BNSF operates numerous facilities and equipment systemwide to support its network functions. Support facilities for rail operations include yard and terminals throughout its rail network (including at Aberdeen, Sioux Falls, Mitchell, and Edgemont in South Dakota); locomotive shops to perform locomotive servicing and maintenance; car shops to service and maintain railcars; localized track section employees and track inspection equipment as well as systemwide traveling maintenance-of-way laborers and equipment for large track maintenance projects; a centralized network operations center for train dispatching and network operations monitoring and management in Fort Worth, Texas; back-office servers and telecommunications networks; railroad signal, hazard detection, and safety systems; and other corporate infrastructure to support BNSF's business activities.

BNSF also owns or leases other equipment to support rail operations, including intermodal containers and vehicles. BNSF owned 900.4 route-miles in South Dakota in 2021, just under half of the state's total rail miles. **Figure 5** shows a map of BNSF operating subdivisions in South Dakota. A general description of the physical and operating characteristics for each of BNSF's operating subdivisions in South Dakota follows.

Figure 5: BNSF Railway Subdivisions in South Dakota



Source: BNSF Railway

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APPLETON SUBDIVISION

BNSF's Appleton Subdivision spans from Benson, Minnesota to Aberdeen, South Dakota. The Appleton Subdivision from Ortonville, Minnesota west to Aberdeen forms the easternmost segment of the former Milwaukee Road Main Line which had been acquired by the State and leased to BN. **Table 4** below lists the operational characteristics of the Appleton Subdivision.

Table 4: BNSF Appleton Subdivision Characteristics

Characteristic	Appleton Subdivision (110.9 miles in South Dakota)
Owner	BNSF
Operator	BNSF
Maximum Authorized Speed	Up to 40 mph
Primary Track Configuration	Single Track with Sidings
Signal Systems	Automatic Block Signal (ABS) (Appleton, MN – Aberdeen, SD); Positive Train Control (PTC) (Benson, MN – Aberdeen, SD)
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	TCWR (Appleton, MN – Milbank, SD); DMVW (in Aberdeen, SD)
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Aberdeen, Mobridge, Morris, Watertown
Adjoining Railroads	DMVW, SMRR, TCWR

MOBRIDGE SUBDIVISION

BNSF's Mobridge Subdivision spans from Aberdeen, South Dakota, to Hettinger, North Dakota. The Mobridge Subdivision and adjoining Hettinger Subdivision in North Dakota and Montana form the westernmost segment of the former Milwaukee Road Main Line which had been acquired by the State and leased to BN. **Table 5** below lists the operational characteristics of the Mobridge Subdivision.

Table 5: BNSF Mobridge Subdivision Characteristics

Characteristic	Mobridge Subdivision (191.7 miles in South Dakota)
Owner	BNSF
Operator	BNSF
Maximum Authorized Speed	Up to 40 mph
Primary Track Configuration	Single Track with Sidings
Signal Systems	Automatic Block Signal (ABS); Positive Train Control (PTC)
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Aberdeen, Appleton, Hettinger
Adjoining Railroads	None

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WATERTOWN SUBDIVISION

BNSF's Watertown Subdivision spans from Appleton, Minnesota, to Yale, South Dakota. This line was originally constructed by GN and reached as far as Huron, South Dakota. The segment between Yale and Huron was later sold to the Dakota, Minnesota & Eastern Railroad, which subsequently sold the segment to the State of South Dakota. Today, BNSF retains trackage rights on the Huron-Yale segment. **Table 6** below lists the operational characteristics of the Watertown Subdivision.

Table 6: BNSF Watertown Subdivision Characteristics

Characteristic	Watertown Subdivision (110.8 miles in South Dakota)
Owner	BNSF
Operator	BNSF
Maximum Authorized Speed	Up to 25 mph
Primary Track Configuration	Single Track
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs. (Appleton, MN – Watertown, SD); 268,000-lbs. (Watertown, SD – Yale, SD)
Adjoining Subdivisions	Appleton
Adjoining Railroads	RCPE

ABERDEEN SUBDIVISION

BNSF's Aberdeen Subdivision spans from Sioux City, Iowa, to Aberdeen, South Dakota. This former Milwaukee Road line was part of the Core System of lines which had been acquired by the State and leased to BN. BNSF has owned the Aberdeen Subdivision since acquiring it from the State in 2005. **Table 7** lists the operational characteristics of the Aberdeen Subdivision.

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Table 7: BNSF Aberdeen Subdivision Characteristics

Characteristic	Aberdeen Subdivision (236.4 miles in South Dakota)
Owner	BNSF
Operator	BNSF
Maximum Authorized Speed	Up to 40 mph
Primary Track Configuration	Single Track
Signal Systems	None; Automatic Interlocking at Wolsey, SD
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	RCPE (Wolsey, SD – Aberdeen, SD); RWRR (in Mitchell, SD)
Haulage Rights	DSRC (Napa Jct., SD – Sioux City, IA); RWRR (Mitchell, SD – Sioux City, IA)
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Appleton, Mitchell, Mobridge, Sioux City
Adjoining Railroads	CN, UP, DAIR, RCPE, RWRR

MITCHELL SUBDIVISION

BNSF's Mitchell Subdivision spans from Canton, South Dakota, to Mitchell, South Dakota. This former Milwaukee Road line was part of the Core System of lines which had been acquired by the State of South Dakota and leased to BN. BNSF has owned the Mitchell Subdivision since acquiring it in 2005. **Table 8** below lists the operational characteristics of the Mitchell Subdivision.

Table 8: BNSF Mitchell Subdivision Characteristics

Characteristic	Mitchell Subdivision (78.6 miles in South Dakota)
Owner	BNSF
Operator	BNSF
Maximum Authorized Speed	Up to 25 mph
Primary Track Configuration	Single Track
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Aberdeen, Canton
Adjoining Railroads	DAIR

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CANTON SUBDIVISION

BNSF's Canton Subdivision spans from Sioux Falls, South Dakota, to Canton, South Dakota. This former Milwaukee Road line was part of the Core System of lines which had been acquired by the State of South Dakota and leased to BN. BNSF has owned the Canton Subdivision since acquiring it in 2005. **Table 9** below lists the operational characteristics of the Canton Subdivision.

Table 9: BNSF Canton Subdivision Characteristics

Characteristic	Canton Subdivision (20.4 miles in South Dakota)
Owner	BNSF
Operator	BNSF
Maximum Authorized Speed	Up to 40 mph
Primary Track Configuration	Single Track
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	DAIR (Sioux Falls, SD – Canton, SD)
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Corson, Madison, Mitchell
Adjoining Railroads	DAIR

MADISON SUBDIVISION

BNSF's Madison Subdivision spans from Sioux Falls, South Dakota, to Madison, South Dakota. **Table 10** below lists the operational characteristics of the Madison Subdivision.

Table 10: BNSF Madison Subdivision Characteristics

Characteristic	Madison Subdivision (42.1 miles in South Dakota)
Owner	BNSF
Operator	BNSF
Maximum Authorized Speed	Up to 25 mph
Primary Track Configuration	Single Track
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Canton, Corson
Adjoining Railroads	DAIR

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MARSHALL SUBDIVISION

BNSF's Marshall Subdivision spans from Willmar, Minnesota, to Sioux City, Iowa. This former GN line is part of BNSF's MidCon Corridor. **Table 11** below lists the operational characteristics of the Marshall Subdivision.

Table 11: BNSF Marshall Subdivision Characteristics

Characteristic	Marshall Subdivision (12.9 miles in South Dakota)
Owner	BNSF
Operator	BNSF
Maximum Authorized Speed	Up to 49 mph
Primary Track Configuration	Single Track with Sidings
Signal Systems	Positive Train Control (PTC); Remote Control Power Switch (RCPS)
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Corson, Hanley Falls, Morris, Sioux City, Wayzata
Adjoining Railroads	RCPE, CN, UP

CORSON SUBDIVISION

BNSF's Corson Subdivision spans from Garretson, South Dakota, to Sioux Falls, South Dakota. **Table 12** below lists the operational characteristics of the Corson Subdivision.

Table 12: BNSF Corson Subdivision Characteristics

Characteristic	Corson Subdivision (17.6 miles in South Dakota)
Owner	BNSF
Operator	BNSF
Maximum Authorized Speed	Up to 40 mph
Primary Track Configuration	Single Track
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	EE (Sioux Falls, SD – Corson, SD)
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Canton, Madison, Marshall
Adjoining Railroads	DAIR, EE

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BUTTE SUBDIVISION

BNSF's Butte Subdivision spans from Alliance, Nebraska, to Edgemont, South Dakota. **Table 13** below lists the operational characteristics of the Butte Subdivision.

Table 13: BNSF Butte Subdivision Characteristics

Characteristic	Butte Subdivision (26.4 miles in South Dakota)
Owner	BNSF
Operator	BNSF
Maximum Authorized Speed	Up to 60 mph
Primary Track Configuration	Two Main Tracks
Signal Systems	Centralized Traffic Control (CTC); Positive Train Control (PTC)
Operational Authority	Centralized Traffic Control (CTC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Angora, Black Hills, Sand Hills
Adjoining Railroads	RCPE

BLACK HILLS SUBDIVISION

BNSF's Black Hills Subdivision spans from Edgemont, South Dakota, to Gillette, Wyoming. **Table 14** below lists the operational characteristics of the Black Hills Subdivision.

Table 14: BNSF Black Hills Subdivision Characteristics

Characteristic	Black Hills Subdivision (22.7 miles in South Dakota)
Owner	BNSF
Operator	BNSF
Maximum Authorized Speed	Up to 60 mph
Primary Track Configuration	Two Main Tracks
Signal Systems	Centralized Traffic Control (CTC); Positive Train Control (PTC)
Operational Authority	Centralized Traffic Control (CTC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Butte, Big Horn, Campbell, Orin
Adjoining Railroads	None

CANADIAN PACIFIC RAILWAY

Canadian Pacific Railway (CP) is a large Class I railroad headquartered in Calgary, Alberta, Canada. CP's initial presence in South Dakota was inherited through its U.S.-based subsidiary Soo Line Railroad (SOO), whose earlier predecessor, the Minneapolis, St. Paul and Sault Ste. Marie Railroad, had constructed a branch line into the state from the north, reaching as far as Grenville, South Dakota. The principal main line route of the SOO network links the U.S./Canada border at Portal, North Dakota with the Twin Cities of Minneapolis–St. Paul, Minnesota, and also includes the former Milwaukee Road main line connecting the Twin Cities with Chicago, Illinois via Milwaukee, Wisconsin. In 1990, CP took full control of its SOO subsidiary and since then had begun to do business in the U.S. as CP. The combined CP and SOO network provides a gateway between the Midwest and Pacific Northwest via Canada for exported agricultural products and imported manufactured goods.

From 2007 until 2014, CP had a larger presence in South Dakota due to its 2007 acquisition of the Dakota, Minnesota & Eastern Railroad (DM&E), a Class II rail carrier with about 2,500 miles of track principally located in Illinois, Iowa, Minnesota, South Dakota, and Missouri. In 2007, CP acquired the DM&E to help facilitate the development of a new rail line into the Powder River Basin of Wyoming from South Dakota. However, by late 2012, CP announced its plan to defer its option to construct its Powder River Basin extension indefinitely because of ongoing deterioration of the domestic coal market.

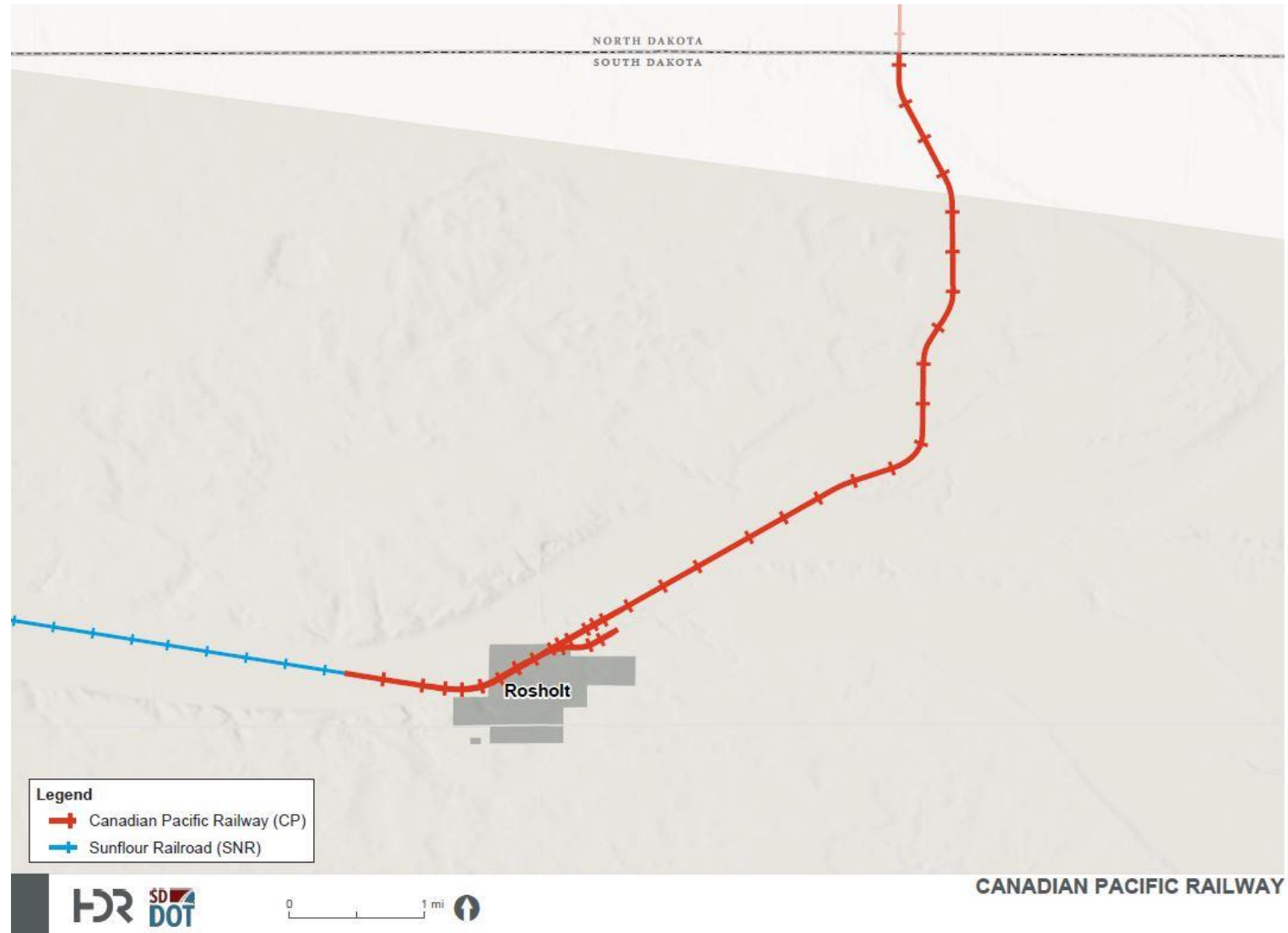
The DM&E was initially formed in 1986 from about 825 miles of former Chicago & North Western Transportation Company (C&NW) trackage in Minnesota and South Dakota. DM&E gained access to Wyoming via the 1996 acquisition of the 203-mile ex-C&NW Colony Line between Colony, Wyoming, and Crawford, Nebraska, via Rapid City, South Dakota, from the Union Pacific Railroad (UP). This acquisition connected the existing DM&E network at Rapid City to the BNSF network at Crawford. DM&E further expanded in 2003 when it gained control of another Class II: the 1,400-mile Iowa, Chicago & Eastern Railroad (IC&E), which linked Chicago and Kansas City on former Milwaukee Road trackage.

On January 2, 2014, CP announced that it would sell the westernmost portion of the former DM&E to Genesee and Wyoming (G&W) for \$210 million. This new G&W railroad began operations on June 1, 2014, as the Rapid City, Pierre & Eastern Railroad.²¹ The remainder of the DM&E network east of Tracy, Minnesota, and the entirety of the former IC&E were retained by CP.

Figure 6 shows the extent of CP's operations in South Dakota.

²¹ Genesee & Wyoming, G&W Starts Up Rapid City, Pierre & Eastern Railroad in South Dakota. Retrieved from: <https://www.gwrr.com/customer-success-stories/starting-up-the-rapid-city-pierre-eastern-railroad/>

Figure 6: Canadian Pacific Railway in South Dakota



VEBLEN SUBDIVISION

CP's Veblen Subdivision is the remnant of a former SOO branch line into South Dakota, spanning from Fairmount, North Dakota to Rosholt, South Dakota. **Table 15** below lists the operational characteristics of the Veblen Subdivision.

Table 15: CP Veblen Subdivision Characteristics

Characteristic	Veblen Subdivision (6 miles in South Dakota)
Owner	CP
Operator	CP
Maximum Authorized Speed	Up to 25 mph
Primary Track Configuration	Single Track
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Elbow Lake
Adjoining Railroads	SNR

RAPID CITY, PIERRE & EASTERN RAILROAD

The Rapid City, Pierre & Eastern Railroad (RCPE) is Class II regional railroad operating in South Dakota that began operations in 2014. RCPE is a subsidiary of short line and regional railroad conglomerate Genesee & Wyoming (G&W). RCPE operates on 742 miles of former DM&E track in Minnesota, Nebraska, South Dakota, and Wyoming that it acquired from CP.

Since it began operations, RCPE has invested heavily in its physical infrastructure and there has been significant and successful industrial development along its network in South Dakota. In the East River Region of the state, RCPE oversaw the upgrade of its main line track to FRA Class 3 track safety standards with federal grant funding, allowing trains to operate at 40 mph and accommodate 286,000-lb. carloads. RCPE is now focusing its attention on the West River portion of its network, with further upgrades planned and funded. These projects will be described further in **Chapter 4**.

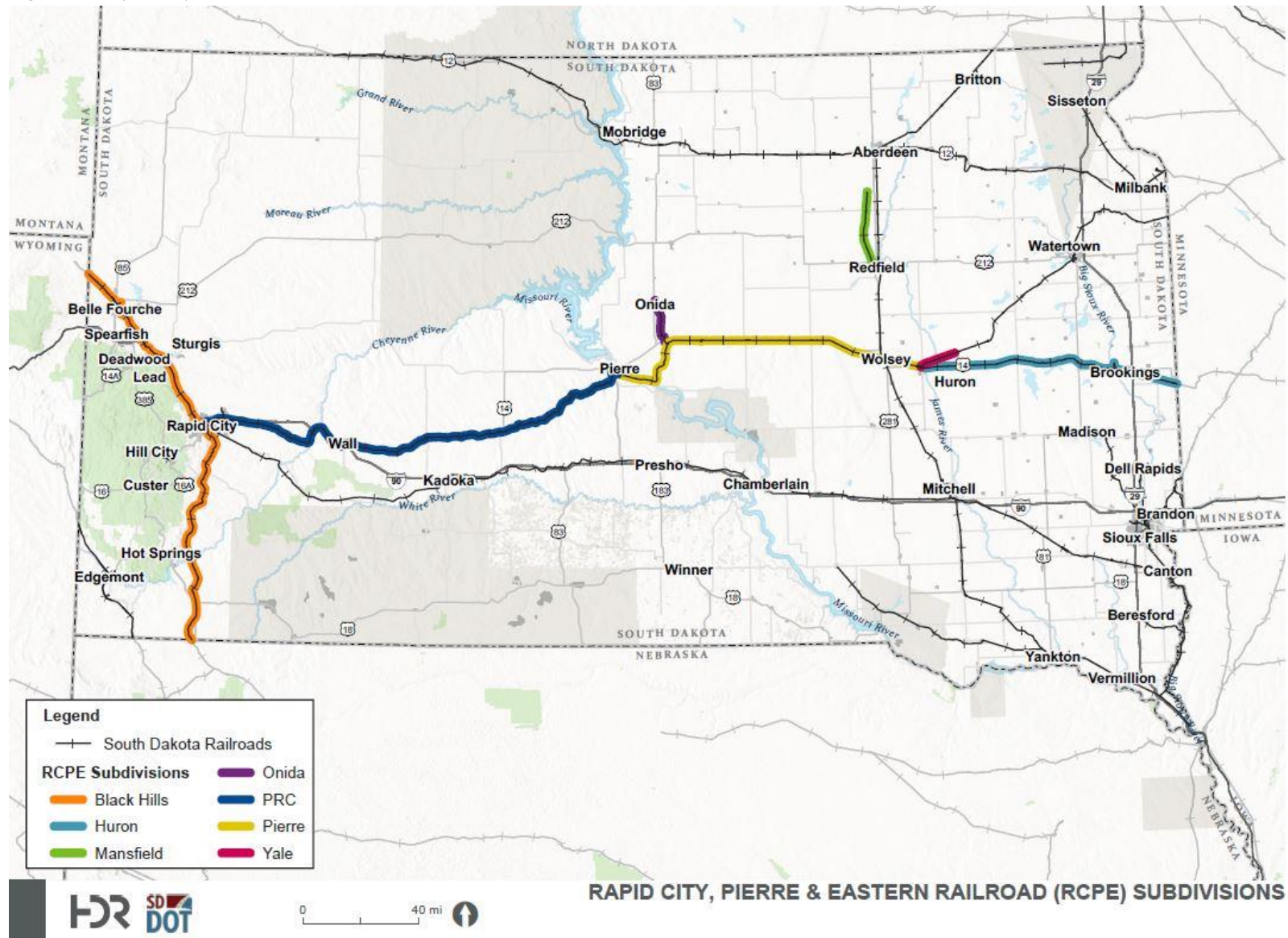
Figure 7 shows an RCPE train operating past the historic C&NW depot in Ft. Pierre, South Dakota.

Figure 7: Rapid City, Pierre & Eastern Railroad at Ft. Pierre, South Dakota



Figure 8 shows a map of the RCPE operating subdivisions in the state. A general description of the physical and operating characteristics for each of RCPE's subdivisions in South Dakota follows.

Figure 8: Rapid City, Pierre & Eastern Railroad Subdivisions in South Dakota



HURON SUBDIVISION

RCPE's Huron Subdivision spans from Tracy, Minnesota, to Huron, South Dakota. The Huron Subdivision provides RCPE with access to interchange with BNSF and CP in Minnesota. **Table 16** below lists the operational characteristics of the Huron Subdivision.

Table 16: RCPE Huron Subdivision Characteristics

Characteristic	Huron Subdivision (91.7 miles in South Dakota)
Owner	RCPE
Operator	RCPE
Maximum Authorized Speed	Up to 40 mph
Primary Track Configuration	Single Track with Sidings
Primary Track Classification	FRA Class 3
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Pierre, Yale
Adjoining Railroads	BNSF, CP

PIERRE SUBDIVISION

RCPE's Pierre Subdivision spans from Huron, South Dakota, to Ft. Pierre, South Dakota. **Table 17** below lists the operational characteristics of the Pierre Subdivision.

Table 17: RCPE Pierre Subdivision Characteristics

Characteristic	Pierre Subdivision (119.7 miles in South Dakota)
Owner	RCPE
Operator	RCPE
Maximum Authorized Speed	Up to 40 mph
Primary Track Configuration	Single Track with Sidings
Primary Track Classification	FRA Class 3
Signal Systems	None; Automatic Interlocking at Wolsey, SD
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	BNSF (Huron, SD – Wolsey, SD)
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Huron, PRC, Yale, Onida
Adjoining Railroads	BNSF

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ONIDA SUBDIVISION

RCPE's Onida Subdivision spans from Blunt, South Dakota, to Onida, South Dakota. **Table 18** below lists the operational characteristics of the Onida Subdivision.

Table 18: RCPE Onida Subdivision Characteristics

Characteristic	Onida Subdivision (16.2 miles in South Dakota)
Owner	RCPE
Operator	RCPE
Maximum Authorized Speed	Up to 25 mph
Primary Track Configuration	Single Track
Primary Track Classification	FRA Class 2
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	Pierre
Adjoining Railroads	None

PRC SUBDIVISION

RCPE's PRC Subdivision spans from Ft. Pierre, South Dakota to Rapid City, South Dakota. **Table 19** below lists the operational characteristics of the PRC Subdivision.

Table 19: RCPE PRC Subdivision Characteristics

Characteristic	PRC Subdivision (167.3 miles in South Dakota)
Owner	RCPE
Operator	RCPE
Maximum Authorized Speed	Up to 25 mph
Primary Track Configuration	Single Track with Sidings
Primary Track Classification	FRA Class 1 & 2
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	263,000-lbs.
Adjoining Subdivisions	Black Hills, Pierre
Adjoining Railroads	None

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BLACK HILLS SUBDIVISION

RCPE's Black Hills Subdivision spans from Dakota Junction, Nebraska, to Colony, Wyoming. Bentonite mines in Wyoming are the primary source of freight traffic on this line. **Table 20** below lists the operational characteristics of the Black Hills Subdivision.

Table 20: RCPE Black Hills Subdivision Characteristics

Characteristic	Black Hills Subdivision (155.9 miles in South Dakota)
Owner	RCPE
Operator	RCPE
Maximum Authorized Speed	Up to 25 mph
Primary Track Configuration	Single Track
Primary Track Classification	FRA Class 1 & 2
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	263,000-lbs.
Adjoining Subdivisions	Black Hills, Pierre
Adjoining Railroads	None

MANSFIELD SUBDIVISION

RCPE's Mansfield Subdivision spans from Redfield, South Dakota, to Mansfield, South Dakota. This isolated segment of the RCPE network is accessed via trackage rights on the BNSF Aberdeen Subdivision. **Table 21** below lists the operational characteristics of the Mansfield Subdivision.

Table 21: RCPE Mansfield Subdivision Characteristics

Characteristic	Mansfield Subdivision (26.8 miles in South Dakota)
Owner	RCPE
Operator	RCPE
Maximum Authorized Speed	Up to 10 mph
Primary Track Configuration	Single Track
Primary Track Classification	FRA Class 1
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	263,000-lbs.
Adjoining Subdivisions	None
Adjoining Railroads	BNSF

YALE SUBDIVISION

The State-owned Huron-Yale Line (RCPE's Yale Subdivision) spans from Huron, South Dakota, to Yale, South Dakota. At Yale, this line adjoins with the BNSF Watertown Subdivision. The Huron-Yale Line is currently leased to RCPE. **Table 22** below lists the operational characteristics of the Yale Subdivision.

Table 22: RCPE Yale Subdivision Characteristics

Characteristic	Yale Subdivision (15.3 miles in South Dakota)
Owner	SDRA
Operator	RCPE
Maximum Authorized Speed	Up to 10 mph
Primary Track Configuration	Single Track
Primary Track Classification	FRA Class 1
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	BNSF (Huron, SD – Yale, SD)
Haulage Rights	None
Maximum Allowable Gross Weight	263,000-lbs.
Adjoining Subdivisions	Huron, Pierre
Adjoining Railroads	BNSF

RINGNECK & WESTERN RAILROAD

The Ringneck & Western Railroad (RWRR) is a Class III common carrier short line railroad that was formed in 2021 to acquire the MRC Line from the State of South Dakota and assume its operation. RWRR is owned by short line holding company Watco and is Watco's first operation in South Dakota.

RWRR operates 108 miles of track between Mitchell, South Dakota, and Presho, South Dakota. RWRR possesses the rights to a further 177 miles of railbanked and out-of-service track through to Rapid City, South Dakota. RWRR also acquired ownership of the former Milwaukee Road yard in Rapid City, which remains in place and has interchange access to RCPE. This site is to be developed into a transload facility.

Prior to Watco's acquisition of the line, significant upgrades were made between Mitchell and Presho, with federal grant funding made available through the U.S. Department of Transportation's (USDOT) Transportation Investments Generating Economic Recovery (TIGER) discretionary grant program. As the line was refurbished, new modern unit train capable grain elevators were constructed at Kimball, Kennebec, and Presho. These grain elevators are able to load trains of 110 cars or greater in length, which are entitled to more competitive shipping rates with connecting railroads.

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RWRR interchanges with BNSF in Mitchell, South Dakota. RWRR also inherited an earlier haulage rights agreement with BNSF whereby RWRR traffic can be hauled to and from Sioux City, Iowa, to be interchanged to and from Canadian National Railway (CN) and Union Pacific Railroad (UP).

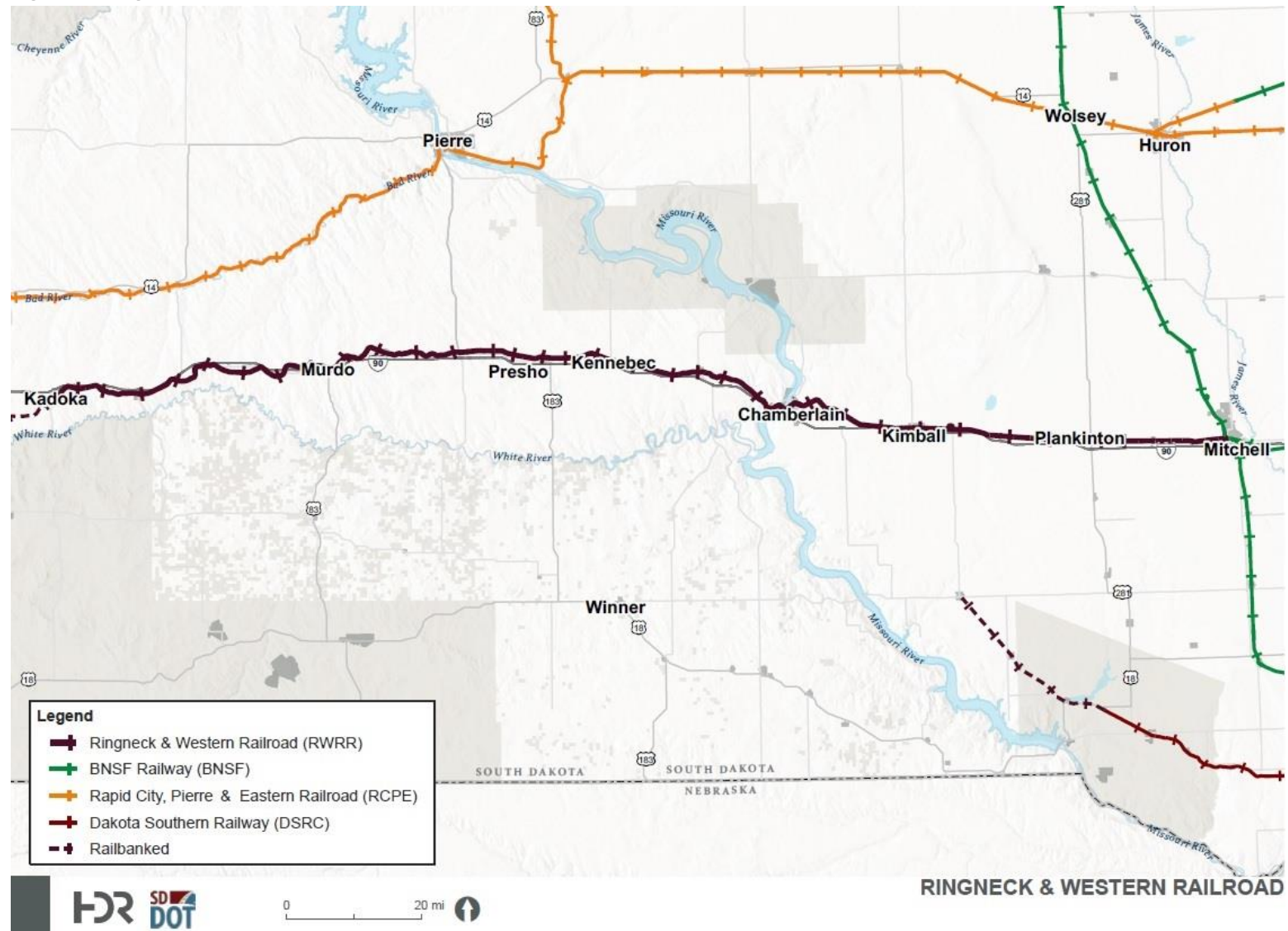
Table 23 below lists the operational characteristics of the MRC Line.

Table 23: RWRR MRC Line Characteristics

Characteristic	MRC Line (187.8 miles in South Dakota)
Owner	RWRR
Operator	RWRR
Maximum Authorized Speed	Up to 25 mph
Primary Track Configuration	Single Track with Sidings
Primary Track Classification	FRA Class 2
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	None
Adjoining Railroads	BNSF

Figure 9 shows the extent of RWRR's operations in South Dakota.

Figure 9: Ringneck & Western Railroad in South Dakota



D & I RAILROAD

The D & I Railroad Company (DAIR) is a Class III common carrier short line railroad that operates from Dell Rapids, South Dakota, to Sioux City, Iowa on company-owned track and via trackage rights over segments of the BNSF Madison Subdivision, Canton Subdivision, and Aberdeen Subdivision.

The Sioux Falls-based rail company is a wholly-owned subsidiary of L.G. Everist, Inc., a large regional aggregates producer. Approximately 12,000 carloads per year of aggregate are transported by DAIR from the L.G. Everist-owned quartzite quarries in Dell Rapids to distribution terminals in Hawarden, Iowa, and Sioux City, Iowa. Aggregates account for approximately 65 to 70 percent of the railroad's total traffic.

DAIR interchanges with BNSF, CN, and UP in Sioux City, Iowa. DAIR also interchanges with BNSF in Sioux Falls.

DELL RAPIDS SUBDIVISION

The Dell Rapids Subdivision spans from Sioux Falls, South Dakota, to Dell Rapids, South Dakota. DAIR has owned this segment of former Milwaukee Road track since the early 1980s. **Table 24** below lists the operational characteristics of the Dell Rapids Subdivision.

Table 24: DAIR Dell Rapids Subdivision Characteristics

Characteristic	Dell Rapids Subdivision (18.8 miles in South Dakota)
Owner	DAIR
Operator	DAIR
Maximum Authorized Speed	Restricted Speed (20 mph)
Primary Track Configuration	Single Track
Primary Track Classification	FRA Class 2
Signal Systems	None
Operational Authority	Non-Controlled
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	None
Adjoining Railroads	BNSF

SIoux VALLEY SUBDIVISION

The Sioux Valley Subdivision, formerly known as the Hawarden Subdivision, spans from Elk Point, South Dakota, to Canton, South Dakota. DAIR acquired this segment of former Milwaukee Road track from the State of South Dakota in 2021. **Table 25** lists the operational characteristics of the Sioux Valley Subdivision.

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Table 25: DAIR Sioux Valley Subdivision Characteristics

Characteristic	Sioux Valley Subdivision (17.6 miles in South Dakota)
Owner	DAIR
Operator	DAIR
Maximum Authorized Speed	Restricted Speed (20 mph)
Primary Track Configuration	Single Track
Primary Track Classification	FRA Class 2
Signal Systems	None
Operational Authority	Non-Controlled
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	None
Adjoining Railroads	BNSF

BERESFORD SUBDIVISION

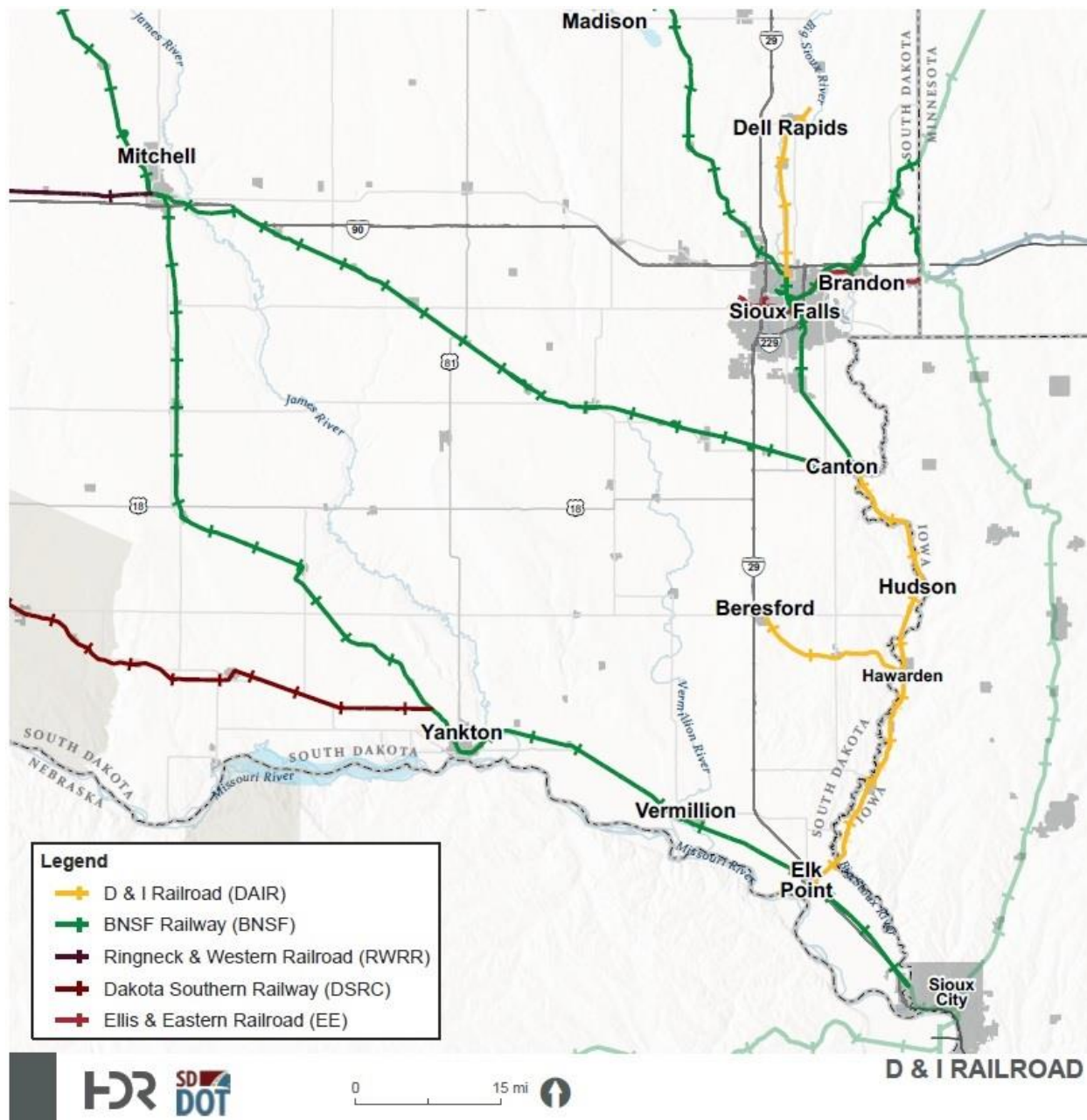
The Beresford Subdivision spans from Hawarden, Iowa, to Beresford, South Dakota. DAIR acquired this segment of former C&NW track from the State of South Dakota in 2021. **Table 26** below lists the operational characteristics of the Beresford Subdivision.

Table 26: DAIR Beresford Subdivision Characteristics

Characteristic	Beresford Subdivision (17.8 miles in South Dakota)
Owner	DAIR
Operator	DAIR
Maximum Authorized Speed	Restricted Speed (20 mph)
Primary Track Configuration	Single Track
Primary Track Classification	FRA Class 2
Signal Systems	None
Operational Authority	Non-Controlled
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	None
Adjoining Railroads	BNSF

Figure 10 shows the extent of DAIR's network in South Dakota.

Figure 10: D & I Railroad in South Dakota



ELLIS & EASTERN RAILROAD

The Ellis & Eastern Railroad (EE) is a Class III common carrier short line railroad that owns and operates in the Greater Sioux Falls Area. Formerly owned by the C&NW, the Sioux Falls-area rail line was purchased by Sweetman Construction in the late 1980s. After repairing the track, the line was reopened for business in 1989. Today EE is a wholly owned subsidiary of Sweetman Construction Company.

EE's rail line spans from Ellis, South Dakota, to Worthington, Minnesota. EE also has trackage rights on the BNSF Corson Subdivision between Sioux Falls and Corson. EE is currently rehabilitating a portion of track between Brandon, South Dakota, and Manley, Minnesota, to reconnect the eastern and western portions of its network, which were once contiguous.

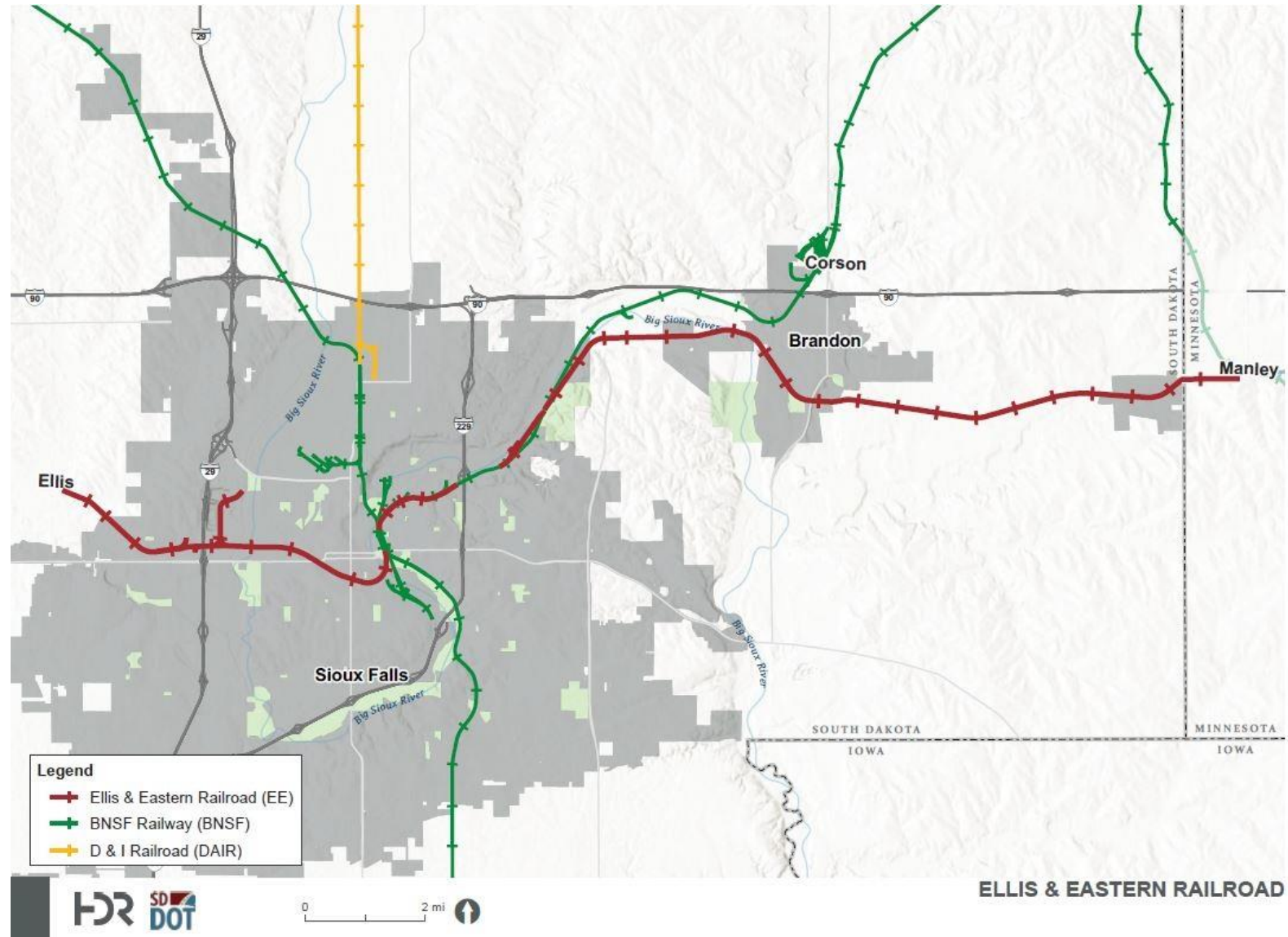
EE primarily transports construction aggregates for Sweetman-owned Concrete Materials Company within the Sioux Falls Area. As a common carrier railroad, EE also serves a number of other local shippers. EE interchanges with BNSF in Sioux Falls and Manley, and with UP in Worthington. **Table 27** below lists the operational characteristics of the EE.

Table 27: Ellis & Eastern Railroad Characteristics

Characteristic	EE (21.6 miles in South Dakota)
Owner	EE
Operator	EE
Maximum Authorized Speed	Up to 10 mph
Primary Track Configuration	Single Track
Primary Track Classification	FRA Class 1
Signal Systems	None
Operational Authority	Non-Controlled
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	263,000-lbs.
Adjoining Subdivisions	None
Adjoining Railroads	BNSF, DAIR, UP

Figure 11 shows the extent of the EE in South Dakota.

Figure 11: Ellis & Eastern Railroad in South Dakota



DAKOTA, MISSOURI VALLEY & WESTERN RAILROAD

The Dakota, Missouri Valley & Western Railroad (DMVW) started operations in September 1990, when the company began operations on 360 miles of former SOO track and trackage rights in North Dakota and Montana. DMVW'S original network consisted of track between Oakes, North Dakota, and Washburn, North Dakota, and between Flaxton, North Dakota, and Whitetail, Montana.

Today, DMVW operates approximately 502 miles of track in North Dakota, South Dakota, and Montana. DMVW'S network includes 412 miles of track that is leased from CP, 12 miles of track from McKenzie, North Dakota, to Moffit, North Dakota (Linton Line), and 78 miles of track from Geneseo, North Dakota, to Aberdeen, South Dakota leased from the State of South Dakota (Britton Line).

DMVW maintains its headquarters in Bismarck, North Dakota, and has field offices in Crosby, Wishek, and Oakes, North Dakota, as well as Britton, South Dakota.

ABERDEEN-GENESEJO JCT. LINE

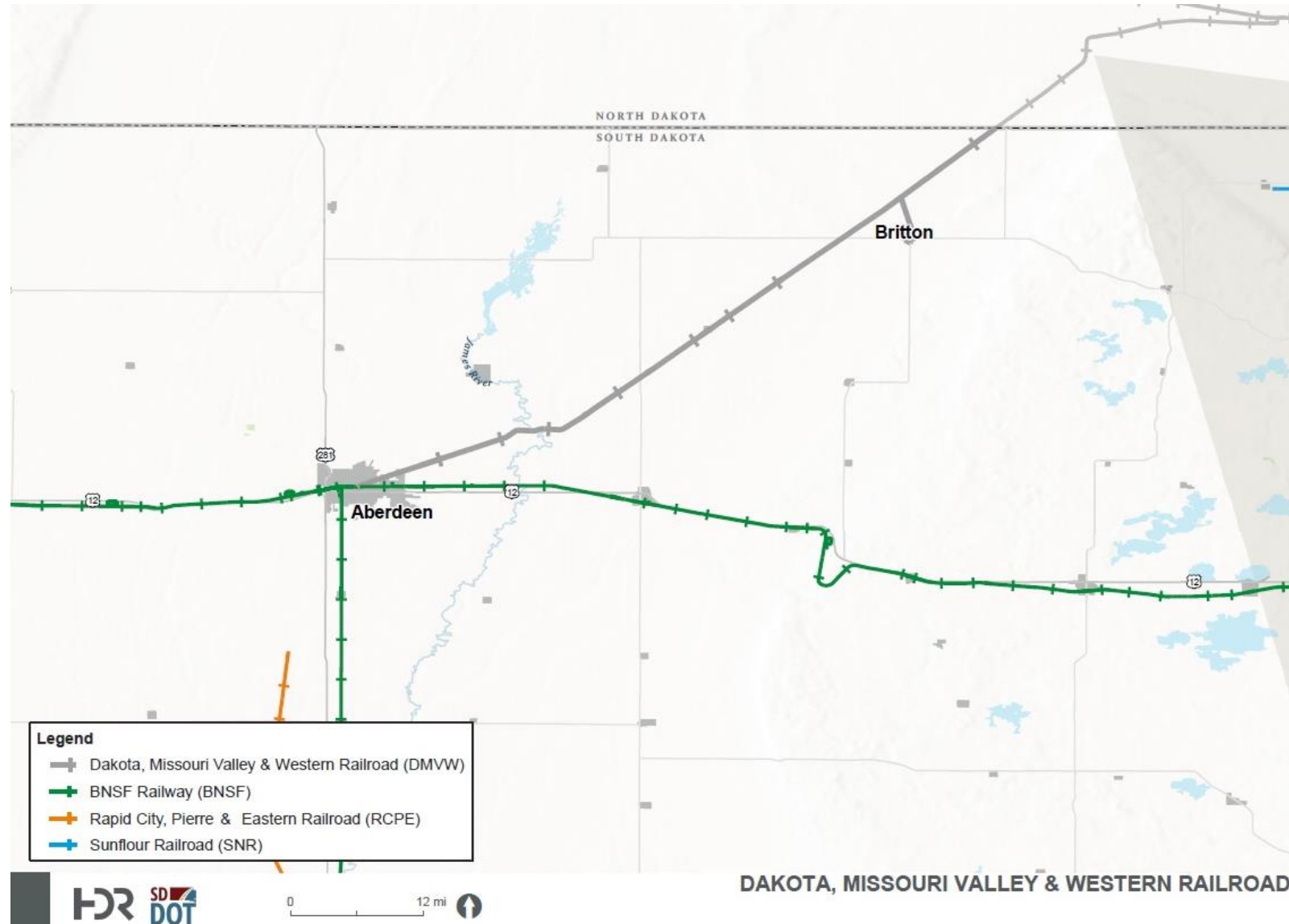
The Aberdeen-Genesejo Jct. Line (Britton Line) spans from Aberdeen, South Dakota, to Genesejo Jct., North Dakota, with a spur to Britton, South Dakota. At Aberdeen, this line adjoins with the BNSF Appleton Subdivision. The Britton Line is currently leased to DMVW through 2025. **Table 28** below lists the operational characteristics of the Aberdeen-Genesejo Jct. Line.

Table 28: DMVW Aberdeen-Genesejo Jct. Line Characteristics

Characteristic	Aberdeen-Genesejo Jct. Line (56.4 miles in South Dakota)
Owner	SDRA
Operator	DMVW
Maximum Authorized Speed	Up to 25 mph
Primary Track Configuration	Single Track
Primary Track Classification	FRA Class 2
Signal Systems	None
Operational Authority	Track Warrant Control (TWC)
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	286,000-lbs.
Adjoining Subdivisions	None
Adjoining Railroads	BNSF, CP

Figure 12 shows the extent of the DMVW in South Dakota.

Figure 12: Dakota, Missouri Valley & Western Railroad in South Dakota



SISSETON MILBANK RAILROAD

The Sisseton Milbank Railroad (SMRR) is a Class III common carrier short line railroad that owns and operates a former Milwaukee Road branch line between Milbank, South Dakota, and Sisseton, South Dakota. Since 2012, SMRR has been a wholly owned subsidiary of the Twin Cities and Western Railroad (TCWR), which is a Minnesota-based regional railroad.

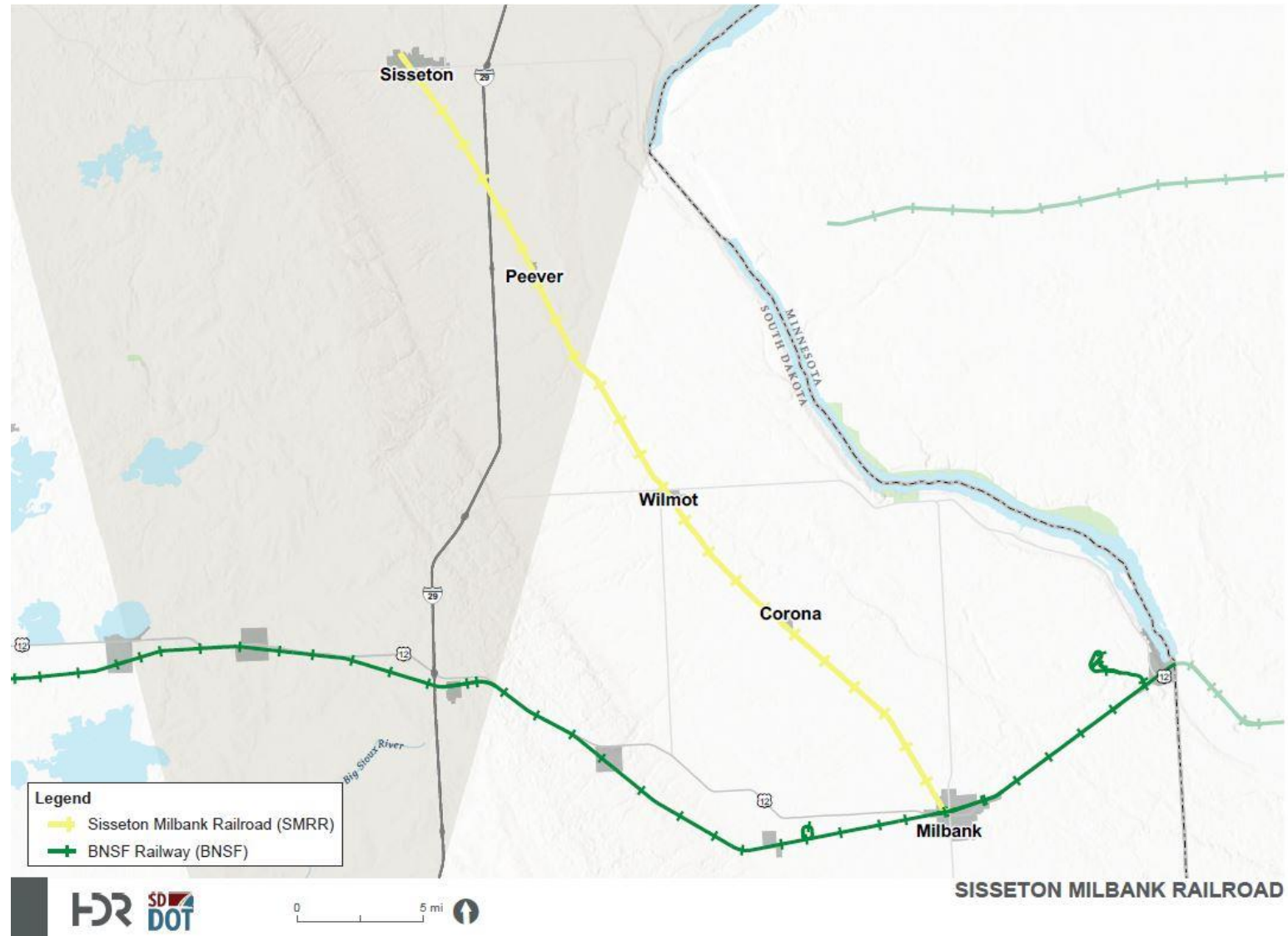
SMRR interchanges with BNSF and TCWR in Milbank, South Dakota. TCWR possesses trackage rights on the BNSF Appleton Subdivision between Appleton, Minnesota, and Milbank, South Dakota. TCWR offers interchange connections to BNSF, CN, CP, and UP within the Twin Cities, as well as access to Mississippi River barge services. **Table 29** below lists the operational characteristics of the SMRR.

Table 29: Sisseton Milbank Railroad Characteristics

Characteristic	SMRR (37.1 miles in South Dakota)
Owner	SMRR
Operator	SMRR
Maximum Authorized Speed	Up to 10 mph
Primary Track Configuration	Single Track
Primary Track Classification	Excepted
Signal Systems	None
Operational Authority	Non-Controlled
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	263,000-lbs.
Adjoining Subdivisions	None
Adjoining Railroads	BNSF, TCWR

Figure 13 shows the extent of the SMRR in South Dakota.

Figure 13: Sisseton Milbank Railroad in South Dakota



DAKOTA SOUTHERN RAILWAY

Dakota Southern Railway Company (DSRC) was founded in 1985 for the purpose of operating local option service on the State-owned Napa-Platte Line. DSRC later assumed operation of the State-owned MRC Line between Mitchell and Presho from BN.

In 2009, DSRC was sold to MidWest Pacific Rail Net and Logistics. DSRC continued to operate the MRC Line under the new ownership until 2021. In 2021, DSRC ceased operations on the MRC Line as the State of South Dakota sold the line to the newly formed Ringneck & Western Railroad.

Under MidWest Pacific, DSRC continues to hold a lease on the State-owned Napa-Platte line. Beginning in 2015, the current lease initially spanned from Napa Jct. to Ravinia. In 2020, the State Railroad Board voted to convert the segment between Tyndall and Ravinia to railbank status, and DSRC's lease was amended to include only the segment between Napa Jct. and Tyndall.

DSRC interchanges with BNSF at Napa Jct., South Dakota, and retains haulage rights via BNSF to interchange with CN and UP in Sioux City, Iowa.

NAPA-PLATTE LINE

The State-owned Napa-Platte Line spans from Napa Jct., South Dakota, to Platte, South Dakota. At Napa Jct., this line adjoins with the BNSF Aberdeen Subdivision.

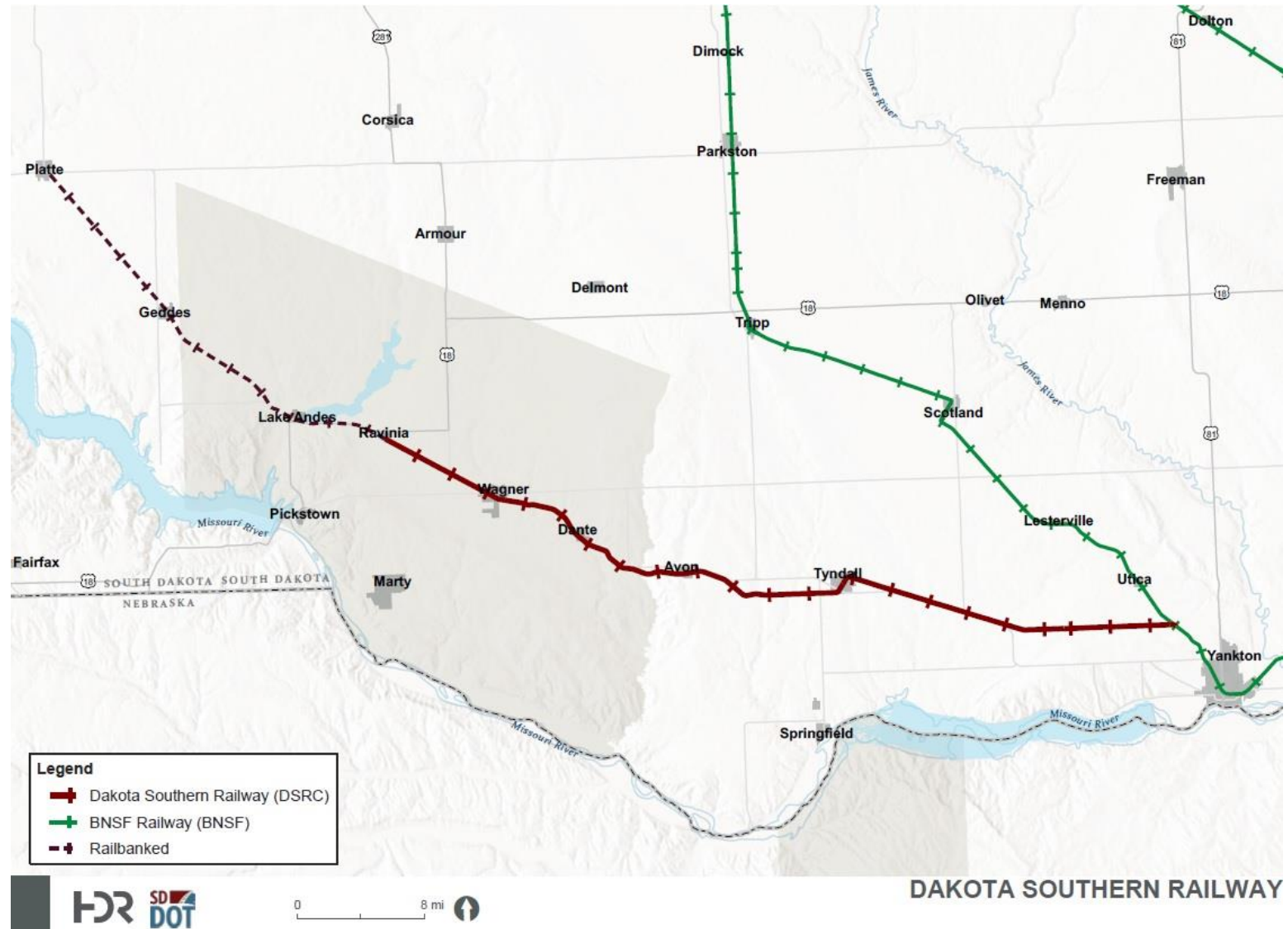
The Napa-Platte Line is railbanked between Ravinia and Platte. The portion between Tabor and Ravinia is out-of-service. The remaining active segment between Napa Jct. and Tabor is used for railcar storage only. **Table 30** below lists the operational characteristics of the Napa-Platte Line.

Table 30: DSRC Napa-Platte Line Characteristics

Characteristic	Napa-Platte Line (54.5 miles in South Dakota)
Owner	SDRA
Operator	DSRC
Maximum Authorized Speed	Up to 10 mph
Primary Track Configuration	Single Track
Primary Track Classification	FRA Class 1
Signal Systems	None
Operational Authority	Non-Controlled
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	263,000-lbs.
Adjoining Subdivisions	None
Adjoining Railroads	BNSF

Figure 14 shows the extent of the DSRC's operations in South Dakota.

Figure 14: Dakota Southern Railway in South Dakota



SUNFLOUR RAILROAD

The Sunflour Railroad (SNR) is a 19.4-mile-long railway in the far northeastern corner of South Dakota. In 2000, SOO (a U.S. railroad subsidiary of CP) filed to abandon the Veblen Subdivision west of Rosholt, South Dakota. Colorado-based Denver Rock Island Railroad stepped in to purchase the line between Rosholt and Veblen. In 2012, SNR abandoned a portion of the line between Claire City and Veblen, leaving Claire City as the current western terminus of the railroad.

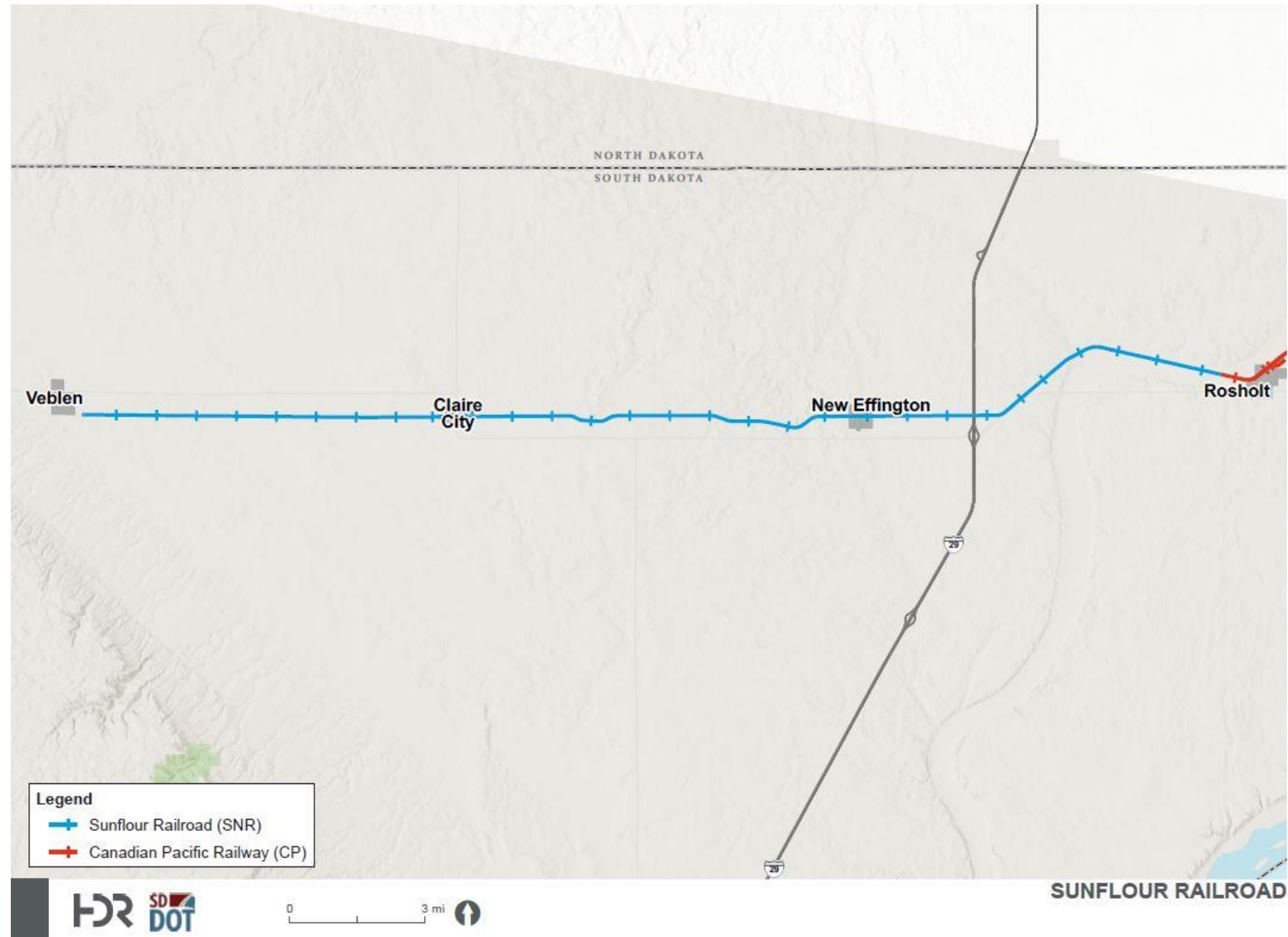
SNR interchanges with CP in Rosholt. The line is currently used only for long-term railcar storage, with no active shippers.

Table 31: Sunflour Railroad Characteristics

Characteristic	Sunflour Railroad (19.4 miles in South Dakota)
Owner	SNR
Operator	SNR
Maximum Authorized Speed	Up to 10 mph
Primary Track Configuration	Single Track
Primary Track Classification	Excepted
Signal Systems	None
Operational Authority	Non-Controlled
Trackage Rights	None
Haulage Rights	None
Maximum Allowable Gross Weight	263,000-lbs.
Adjoining Subdivisions	None
Adjoining Railroads	CP

Figure 15 shows the extent of the SNR's operations in South Dakota.

Figure 15: Sunflour Railroad in South Dakota



2.1.1.2 NON-OPERATING RAILROAD OWNERS

STATE OF SOUTH DAKOTA

The State of South Dakota undertook a proactive and valiant effort to preserve freight rail service during the rail crisis in the early 1980s. The Chicago, Milwaukee, St. Paul and Pacific Railroad (MILW), commonly referred to as “The Milwaukee Road,” embargoed service over nearly all of its route mileage in South Dakota as part of a bankruptcy reorganization and route rationalization strategy to save the underperforming railroad. These State-owned lines were then leased to privately owned railroads for continued operation.

Since then, large portions of the State-owned network have been gradually transferred or sold back into private railroad ownership. The Ortonville, Minnesota, to Terry, Montana “Main Line” was sold to the BN in 1991 for \$30.4 million. Later, the “Core System” was sold to BN’s successor, BNSF, in November 2005 for \$42.5 million. Finally, the Sioux Valley Rail Line which runs between Elk Point and Canton, South Dakota, was sold to D & I Railroad in April 2021 for \$10 million, and the Mitchell-Rapid City (MRC) rail line was sold to Ringneck & Western LLC in May 2021 for \$13 million.

Table 32 below lists the segments acquired, mileage, previous owner, and year of acquisition.

Table 32: History of State of South Dakota Rail Line Acquisitions, Leases, and Divestments

Segment	Length (Miles)	Previous Owner	Year Acquired	Lease Operator	Year Sold	Sold To
Ortonville, MN -Terry, MT	479.9	MILW	1982	BN, BNSF	1991	BNSF
Sioux Falls-Canton	24.0	MILW	1981	BN, BNSF	2005	BNSF
Canton-Mitchell	82.8	MILW	1981	BN, BNSF	2005	BNSF
Mitchell-Wolsey	54.4	MILW	1981	BN, BNSF	2005	BNSF
Wolsey-Aberdeen	72.0	MILW	1981	BN, BNSF	2005	BNSF
Mitchell-Sioux City, IA	130.8	MILW	1981	BN, BNSF	2005	BNSF
Track in Mitchell	1.0	MILW	1981	BN, BNSF	2005	BNSF
Mitchell-Chamberlain	67.5	MILW	1981	BN, DSRC	2021	RWRR
Chamberlain -Rapid City	217.6	MILW	1981	BN, DSRC	2021	RWRR
Track in Sioux City, IA	7.0	MILW	1981	DAIR	1982	DAIR
Sioux Falls-Trent	23.3	MILW	1981	DAIR	1982	DAIR
Canton-Elk Point	49.4	MILW	1981	DAIR	2021	DAIR
Beresford - Hawarden	18.6	C&NW	1981	DAIR	2021	DAIR
Napa-Platte	83.3	MILW	1981	DSRC	N/A	N/A
Britton-Jarrett Jct.	4.8	MILW	1981	DMVW	N/A	N/A
Aberdeen-Geneseo Jct.	76.7	BNSF	2001	DMVW	N/A	N/A
Huron-Yale	15.3	DM&E	2008	RCPE	N/A	N/A

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Today, the State of South Dakota retains ownership of three principal segments: the former Milwaukee Road line between Napa and Platte, the former BN line between Aberdeen and Geneseo Jct. with a spur to Britton, and the former BN line between Huron and Yale. Additionally, a segment of yard track at Wolsey, South Dakota, which was constructed using State funding for the purpose of enhancing interchange between the BNSF and RCPE also remains State-owned. The line segments that remain under State ownership as of this writing are summarized in **Table 33** below.

Table 33: South Dakota State-Owned Line Segments (2022)

Line Segment	Length (Miles)	Current Leaseholder	Lease Expiration Date	Active Shippers
Napa-Platte	54.5	DSRC	2026	No
Aberdeen-Geneseo Jct.	76.7	DMVW	2025	Yes
Britton-Jarrett Jct.	4.8	DMVW	2025	Yes
Huron-Yale	15.3	RCPE	2026	Yes
Wolsey Interchange	4.2	RCPE	2026	N/A

2.1.1.3 PASSENGER RAIL NETWORK

HISTORICAL INTERCITY PASSENGER RAIL OPERATIONS BACKGROUND

By the end of the 19th century, railroads had established themselves as the predominant mode for efficiently moving people and freight. Passenger rail service in the state began to decline with the improvement of roadways and the affordability of automobiles, starting in the 1920s. Following World War II, national transportation policy emphasized the development of federally-funded air and highway systems that provided public access to transportation infrastructure, which could be used by both individuals and private transportation providers. With an even broader range of transportation options available, ridership on passenger trains declined even further.

In 1967, the U.S. Postal Service discontinued most of its mail haulage contracts with the railroads that had previously contributed needed revenue to passenger trains; intercity mail would be moved by truck instead. This resulted in the discontinuance of numerous passenger services that year.

Despite the competition facing the passenger train and loss of revenue, railroad companies often were required to maintain passenger rail services and routes, regardless of their financial performance. Under regulation imposed by the ICC, railroads that intended to terminate a passenger service had to go through a petition process. The ICC would then issue a ruling that decided whether or not the service was still required for the public convenience and necessity.

In light of the struggling rail industry, Congress soon acted to take the burden of the remaining passenger operations off of the railroads and formed the National Railroad Passenger Corporation (better known as Amtrak) under the Rail Passenger Service Act of 1970. The act was signed into law by President Richard Nixon, and Amtrak began operations on May 1, 1971.

No routes serving South Dakota were included in Amtrak's initial operating plan, and no regularly scheduled intercity passenger trains have operated in South Dakota since Amtrak was created.

2.1.1.4 TOURIST RAILROADS

BLACK HILLS CENTRAL RAILROAD²²

The Black Hills Central Railroad (BHC) is a tourist railroad operating over 10 miles of former CB&Q track between Hill City and Keystone in the Black Hills of South Dakota. BHC markets its excursion operation as the 1880 Train, which provides a two-hour, narrated 20-mile round trip between Hill City and Keystone. The BHC is the oldest continuously operating tourist railroad in the nation and operates an eclectic fleet of preserved steam and diesel locomotives.

The BHC has been isolated from the national rail network since 1983, when BN abandoned its line between Custer and Deadwood via Hill City.²³

Figure 16: Black Hills Central Railroad Tourist Train



Source: 1880 Train

²² 1880 Train, About. Retrieved from: <https://www.1880train.com/faq.html>

²³ Black Hills Visitor, Timeline of Black Hills Railroads, September 6, 2017. Retrieved from: <https://blackhillsvisitor.com/learn/timeline-of-black-hills-railroads/>

2.1.1.5 RAILROAD ABANDONMENTS AND RAILBANKED LINES

South Dakota has witnessed extensive consolidation and abandonment of rail lines over the years. The rail system in the state peaked at a maximum extent of 4,420 miles during the early twentieth century. Over the decades that followed, that system has dwindled to less than half of that today (less than 2,000 miles).

Some significant railbanking efforts that have taken place in South Dakota are listed below.

EDGEMONT TO DEADWOOD – GEORGE S. MICKELSON TRAIL

BN railbanked 109 miles of track between Edgemont and Deadwood in phases throughout the 1980s. In 1998, this route opened as a recreational trail known as the George S. Mickelson Trail, which covers all 109 miles of the abandoned right-of-way.²⁴ The trail contains more than 100 converted railroad bridges and 4 rock tunnels. The trail is named after South Dakota Governor George S. Mickelson, who championed preserving the scenic rail line as a recreational trail.

MRC LINE

The MRC Line is currently railbanked between Kadoka and Rapid City. RWRR's 2021 purchase of the MRC Line included the railbanked portion of the line and granted RWRR the right to restore service, if needed.

NAPA-PLATTE LINE

The Napa-Platte Line is currently railbanked between Ravinia and Platte. There is interest in developing a recreational trail on the railbanked portion of the State-owned railroad right-of-way.

2.1.2 MAJOR FREIGHT AND PASSENGER TERMINALS

2.1.2.1 RAILROAD YARDS AND MAINTENANCE FACILITIES

ABERDEEN

BNSF's principal switching, classification, fueling, and maintenance facility in South Dakota is located in Aberdeen, at the junction of the former Milwaukee Road main line and the Core System of branch lines serving South Dakota's eastern interior.

Today BNSF's Appleton, Mobridge, and Aberdeen subdivisions converge at Aberdeen.

EDGEMONT

Edgemont is an intermediate terminal along BNSF's principal main line route between Lincoln, Nebraska, and Billings, Montana. Edgemont marks the division point between the Butte Subdivision, which leads to Alliance, Nebraska, and the Black Hills Subdivision, which leads to Gillette, Wyoming. Edgemont is a crew change and crew layover location for through traffic on this route.

²⁴ South Dakota Game, Fish & Parks. George S. Mickelson Trail. Retrieved from: <https://gfp.sd.gov/parks/detail/george-s-mickelson-trail/>

SIOUX FALLS

Sioux Falls is a base of operations for BNSF's Corson, Madison, Canton, and Mitchell subdivisions. BNSF has a one-stall engine shed in Downtown Sioux Falls for locomotive inspection and maintenance.

MITCHELL

Mitchell is an intermediate terminal for BNSF's Core Line operations on the Aberdeen, Canton, and Mitchell subdivisions. A small yard facilitates carload interchange between BNSF and RWRR. Mitchell is a crew change and crew layover location for through traffic on this route.

HURON

Huron is the principal switching, classification, fueling, and maintenance facility for the RCPE network. From Huron, RCPE trains operate west to Onida, Pierre, and Rapid City via the Pierre and PRC subdivisions and east to Mankato, Minnesota via the Huron Subdivision.

The historic roundhouse in Huron is still in use as a locomotive maintenance and inspection facility. RCPE also has a car shop in Huron for railcar repairs.

PIERRE

Pierre is an intermediate terminal along RCPE's route between Huron and Rapid City. There is a small switching yard in Pierre.

RAPID CITY

Rapid City is a base of operations for RCPE's operations in western South Dakota on its Black Hills and PRC subdivisions. RCPE has a small classification yard, a four-stall roundhouse for locomotive inspection and maintenance, and a car shop for railcar repairs.

2.1.2.2 INTERCHANGE LOCATIONS

ABERDEEN

The BNSF yard in Aberdeen facilitates carload and unit train interchange between BNSF and DMVW.

MILBANK

The BNSF yard in Milbank facilitates carload interchange between SMRR and both TCWR and BNSF. SMRR leases a portion of the BNSF-owned yard in Milbank for interchange purposes.

WOLSEY

Wolsey is located at the intersection of BNSF's Aberdeen subdivision with RCPE's Pierre Subdivision. The two railroads intersect at-grade. Connecting tracks span three of the four quadrants of the intersection. Directly to the west of the junction is a small yard consisting of two 7,900-foot storage tracks to facilitate carload and unit train interchange between the two railroads.

MITCHELL

Mitchell forms a junction between the BNSF Aberdeen subdivision, the BNSF Mitchell Subdivision, and the RWRR. A small yard located in downtown Mitchell facilitates carload interchange between the two carriers.

SIOUX FALLS

Sioux Falls forms the junction between the BNSF Corson, Madison, and Canton subdivisions, the DAIR Dell Rapids Subdivision, and the EE.

SIOUX CITY

Sioux City, Iowa forms the intersection between the BNSF Aberdeen Subdivision and both the CN and UP. DAIR has access to Sioux City via trackage rights and is able to interchange with UP and CN. Additionally, RWRR and DSRC are able to interchange trains to CN and UP in Sioux City via a haulage rights agreement with BNSF between Mitchell and Sioux City.

FLORENCE

Florence, Minnesota, forms the intersection between the RCPE Huron Subdivision and the BNSF Marshall Subdivision. An approximately 3,600-foot-long connector track exists between the two railroads to allow for unit train interchange, with a wye track allowing trains to travel to or from either the north or the south along the BNSF Marshall Subdivision.

CRAWFORD

Crawford, Nebraska forms the intersection between the RCPE Black Hills Subdivision and the BNSF Butte Subdivision. A small yard exists to allow for carload interchange between the two railroads. RCPE traffic is handled between Dakota Jct., Nebraska, and Crawford, Nebraska, by the Nebraska Northwestern Railroad, which leases and operates this segment of RCPE-owned track.

2.1.2.3 GRAIN ELEVATORS

Agricultural cooperatives and other grain merchandisers use trackside grain elevators to collect and store grain from multiple producers until it is ready to be loaded into railcars for shipment. These facilities may be equipped to handle corn, soybeans, wheat, sunflower seeds, sorghum, millet, or milo. South Dakota has 34 large, modern, high-throughput “shuttle” elevators capable quickly loading a 110-car unit train. This practice enables sets of railcars to cycle between the elevator and their destination as frequently as possible, leading to optimal railcar utilization and reduced rates for shippers. A number of smaller, more traditional low-throughput elevators continue to operate as well, loading only a small number of carloads at a time, which are then shipped individually. **Table 34** provides information about the rail-served grain elevators in South Dakota.

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Table 34: Rail-Served Grain Elevators in South Dakota

Location	Owner	Serving Railroad	Storage Capacity (Bushels)	Track Capacity (Carloads)	Service Type
MELLETT	Agtegra	BNSF	5,400,000	112	Unit Train
TULARE	ADM Benson-Quinn	BNSF	2,000,000	120	Unit Train
TULARE	Agtegra	BNSF	400,000	33	Carload
WOLSEY	Agtegra	BNSF	5,200,000	113	Unit Train
ALPENA	Agtegra	BNSF	3,400,000	113	Unit Train
MITCHELL	CHS Inc	BNSF	1,685,000	112	Unit Train
DIMOCK	Central Farmers Cooperative	BNSF		27	Carload
BEARDSLEY	Dakota Plains Ag Center LLC	BNSF	1,200,000	112	Unit Train
PARKSTON	Dakota Plains Ag Center LLC	BNSF	369,000		Carload
TRIPP	Dakota Plains Ag Center LLC	BNSF	625,000		Carload
NAPA	Dakota Plains Ag Center LLC	BNSF	6,700,000	120	Unit Train
YANKTON	Elevator	BNSF			Carload
GAYVILLE	Barnes Hay and Feed	BNSF		4	Carload
VERMILLION	AG Opportunities	BNSF			Carload
JEFFERSON	Southeast Farmers' Elevator Grain Terminal	BNSF	4,100,000	110	Unit Train
WEST MILBANK	Western Consolidated Cooperative	BNSF	2,096,000	113	Unit Train
WEBSTER	Agwrx Cooperative	BNSF		3	Carload
BRISTOL	Agtegra	BNSF	3,629,000	54	Carload
ANDOVER	Agtegra	BNSF		110	Unit Train
GROTON	Elevator	BNSF			Carload
GROTON	Elevator	BNSF			Carload
GREBNER	Agtegra	BNSF	8,277,000	111	Unit Train
CORSON	CHS Inc	BNSF			Carload
MADISON	Farmers Ag Center	BNSF	4,814,000	112	Unit Train
COLTON	Colton Farmers Elevator	BNSF			Carload
LYONS	Central Farmers Cooperative	BNSF	5,000,000	110	Unit Train
CANTON	CHS Inc	BNSF	5,100,000	220	Unit Train
PARKER	Cargill AG Horizons	BNSF	890,000	111	Unit Train
MARION	Central Farmers Cooperative	BNSF	8,500,000	115	Unit Train
EMERY	Cargill AG Horizons	BNSF	1,506,000	111	Unit Train
HEARTLAND	Agtegra	BNSF	2,200,000	60	Carload
CONCORD	Concord Grain	BNSF	4,500,000	120	Unit Train
CRAVEN	Agtegra	BNSF	2,485,000	111	Unit Train

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Location	Owner	Serving Railroad	Storage Capacity (Bushels)	Track Capacity (Carloads)	Service Type
IPSWICH	Farmers Cooperative Elevator	BNSF			Carload
ROSCOE	Agtegra	BNSF		110	Unit Train
ROSCOE	Global Harvest Foods	BNSF	425,000	30	Carload
BOWDLE	Agtegra	BNSF	1,124,000	48	Carload
WEST BOWDLE	Agtegra	BNSF	2,500,000	113	Unit Train
JAVA	Agtegra	BNSF			Carload
SELBY	CHS Inc	BNSF	860,000	111	Unit Train
MCLAUGHLIN	Agtegra	BNSF	3,035,000	111	Unit Train
LEMMON	CHS Inc	BNSF	776,000	110	Unit Train
WATERTOWN	Watertown Cooperative	BNSF		120	Unit Train
WATERTOWN	Watertown Cooperative	BNSF	4,125,000	54	Carload
WILLOW LAKE	Agtegra	BNSF			Carload
ROSHOLT	Farmers Cooperative Society	CP	5,500,000	110	Unit Train
ALCESTER	Farmers Cooperative Society	DAIR			Carload
BERESFORD	Farmers Cooperative Society	DAIR	6,803,000	120	Carload
HUDSON	Farmers Cooperative Society	DAIR			Carload
BRITTON	Wheaton Dumont Co-Op	DMVW	4,591,000	120	Unit Train
BRITTON	Wheaton Dumont Co-Op	DMVW	650,000	100	Carload
AMHERST	4-Seasons Co-Op	DMVW	334,000	30	Carload
CLAREMONT	4-Seasons Co-Op	DMVW	1,320,000	50	Carload
CLAREMONT	Full Circle AG	DMVW			Carload
TABOR	Kaylor Grain Company Inc	DSRC			Carload
ELKTON	CHS Inc	RCPE		12	Carload
AURORA	AgFirst Farmers Cooperative	RCPE	4,845,000	25	Carload
BROOKINGS	Farmers Cooperative	RCPE			Carload
VOLGA	Volga Ag Center	RCPE	469,000	5	Carload
ARLINGTON	Prairie Ag Partners	RCPE	6,800,000	25	Carload
LAKE PRESTON	Prairie Ag Partners	RCPE	3,600,000	50	Carload
CAVOUR	Dakotaland Feeds	RCPE	300,000	10	Carload
MANSFIELD	Agtegra	RCPE	310,000	25	Carload
NORTHVILLE	Agtegra	RCPE	1,386,000	75	Carload
REDFIELD	Agtegra	RCPE	3,000,000	75	Carload
HURON	Agtegra	RCPE	5,100,000	60	Carload
HURON	Sunbird, Inc.	RCPE	60,000	15	Carload
YALE	Agtegra	RCPE	1,200,000	75	Carload

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Location	Owner	Serving Railroad	Storage Capacity (Bushels)	Track Capacity (Carloads)	Service Type
ST LAWRENCE	Agtegra	RCPE	665,000	35	Carload
MILLER	ADM Benson-Quinn	RCPE	1,438,000	110	Unit Train
HIGHMORE	Agtegra	RCPE	1,071,000	110	Unit Train
HIGHMORE	Dakota Mill & Grain	RCPE	854,000	30	Carload
HARROLD	ADM Benson-Quinn	RCPE	5,790,000	135	Unit Train
BLUNT	CHS Inc	RCPE	700,000	25	Carload
ONIDA	CHS Inc	RCPE	1,700,000	110	Unit Train
ONIDA	Oahe Grain Corporation	RCPE	5,900,000	120	Unit Train
PIERRE	Midwest Cooperative	RCPE	800,000	75	Carload
FORT PIERRE	Dakota Mill & Grain	RCPE	1,255,000	50	Carload
MIDLAND	Midland Farmers Elevator	RCPE	300,000	25	Carload
MIDLAND	Dakota Mill & Grain	RCPE	400,000	25	Carload
PHILIP	CHS Inc	RCPE	900,000	35	Carload
PHILIP	Dakota Mill & Grain	RCPE	225,000	5	Carload
WALL	Dakota Mill & Grain	RCPE	239,000	25	Carload
UNDERWOOD	FMG Feed & Seed	RCPE		15	Carload
RAPID CITY	Dakota Mill & Grain	RCPE	400,000	2	Carload
BELLE FOURCHE	Dakota Mill & Grain	RCPE	110,000	2	Carload
OELRICHS	West Plains Grain	RCPE	64,000	6	Carload
MOUNT VERNON	Farmers Elevator Co	RWRR			Carload
PLANKINTON	AG KOTA GRAIN	RWRR		5	Carload
KIMBALL	Gavilon Grain	RWRR	6,270,000	110	Unit Train
CHAMBERLAIN	CHS Inc	RWRR			Carload
KENNEBEC	Agtegra	RWRR			Carload
KENNEBEC	Agtegra	RWRR		120	Unit Train
PRESHO	Dakota Mill & Grain	RWRR	4,900,000	240	Unit Train
PRESHO	Dakota Mill & Grain	RWRR			Carload
MURDO	Dakota Mill & Grain	RWRR			Carload
CORONA	Corona Grain & Feed	SMRR			Carload
WILMOT	CHS Inc	SMRR			Carload
SISSETON	Wheaton Dumont Co-Op	SMRR	1,004,000	25	Carload

Source: BNSF Railway, Canadian Pacific Railway, ADM, Concord Grain, Dakota Plains Ag Center LLC, Wheaton Dumont Co-Op

2.1.2.4 RAIL-SERVED INDUSTRIAL PARKS

Rail-served industrial parks are being developed in South Dakota to provide shovel-ready industrial property with direct rail access for potential tenants with freight transportation needs. Recent examples of this type of development being implemented in South Dakota are discussed in this section.

BELLE FOURCHE INDUSTRIAL & RAIL PARK²⁵

The Belle Fourche Development Corporation (BFDC) in partnership with the South Dakota Governor's Office of Economic Development (GOED) has developed the Belle Fourche Industrial & Rail Park. GOED has designated the park as a Certified Ready Site since July 7, 2014.

Approximately 79 acres of municipal owned land are dedicated for economic development at this location. A rail siding with adjacent laydown space for transloading is available for park tenants to use. Direct rail access may be feasible to some of the lots.

The Belle Fourche Industrial and Rail Park is served by RCPE, providing interchange access to three Class I railroads. **Figure 17** below shows the available transload siding.

Figure 17: Belle Fourche Industrial and Rail Park



Source: Belle Fourche Development Corporation

²⁵ Belle Fourche Economic Development Corporation, Industrial & Rail Park. Retrieved from: <https://bfdcsd.com/industrial/>

FOUNDATION PARK²⁶

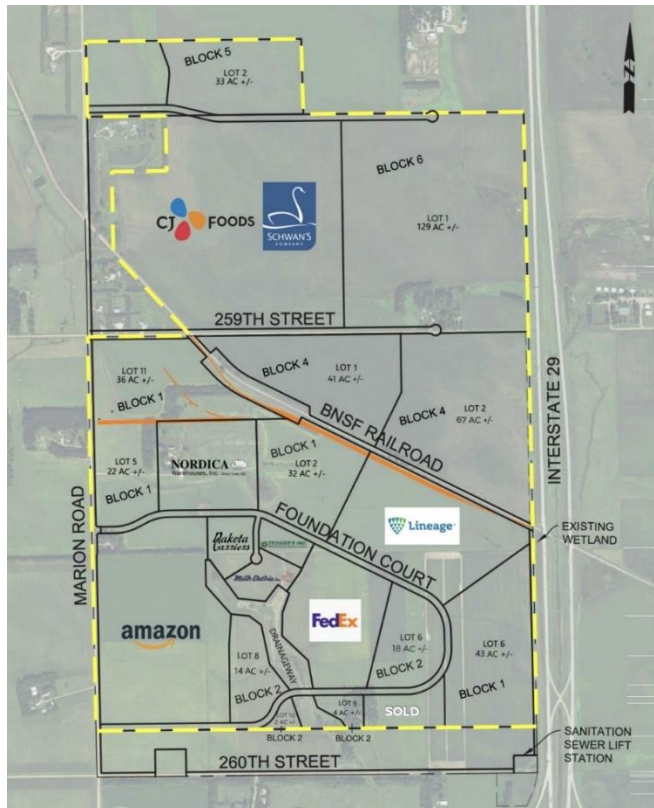
Established in 2015, Foundation Park is a new, multi-user industrial park located in Sioux Falls, South Dakota near the intersection of Interstate 29 and Interstate 90. The industrial park contains over 800 acres of available real estate zoned for heavy industrial use, with 177 of those acres having direct rail access provided by BNSF.

Foundation Park has been designated as a Certified Site by BNSF.²⁷ BNSF certification ensures a site is ready for rapid acquisition and development through a comprehensive evaluation of existing and projected infrastructure, environmental and geotechnical standards, utility evaluation and site availability.

Two rail-served tenants have already located in the park: Lineage Logistics and Nordica Warehouses. A third rail-served tenant, CJ Foods/Schwans, is constructing a food processing facility on another parcel.

Figure 18 below shows the current site plan and tenants of Foundation Park.

Figure 18: Sioux Falls Foundation Park Site Plan



Source: Sioux Falls Development Foundation

²⁶ Sioux Falls Development Foundation, Foundation Park. Retrieved from: <https://siouxfallsdevelopment.com/doing-business/buildings-sites/foundation-park/>

²⁷ BNSF railway, Certified Sites. Retrieved from: <https://www.bnsf.com/ship-with-bnsf/rail-development/certified-sites.page>

2.1.2.5 FORMER PASSENGER FACILITIES

While there are currently no intercity or commuter passenger rail services operating in South Dakota, many structures which historically served as stations for passenger boarding and alighting still stand. Many of these former stations have been converted to other uses, such as offices and museums. These locations, where known, are listed in **Table 35** below.

Table 35: Former Passenger Rail Facilities in South Dakota

Location	Former Railroad	Current Use
Aberdeen	MILW	BNSF Railway Office
Brookings	C&NW	Office/Commercial Space
Canton	MILW	Museum
Chamberlain	MILW	Disused
De Smet	C&NW	Museum
Fort Pierre	C&NW	Museum
Hot Springs	CB&Q	Visitor Center
Huron	C&NW	Disused
Kadoka	MILW	Museum
Lake Preston	C&NW	RCPE Railroad Office
Madison	MILW	Chamber of Commerce
Mitchell	MILW	Restaurant
Murdo	MILW	Disused
Redfield	C&NW	Museum
Sioux Falls	GN	BNSF Railway Office
Sioux Falls	CRIP	Office/Commercial Space
Sioux Falls	IC	Office/Commercial Space
Sturgis	C&NW	Disused
Watertown	C&NW	Office/Commercial Space
Yankton	MILW	Office/Commercial Space

2.1.3 OBJECTIVES FOR PASSENGER SERVICE IN SOUTH DAKOTA

There are currently no passenger rail services in South Dakota (with the exception of BHC's 1880 Train tourist train service between Hill City and Keystone). The initiation of new intercity or commuter passenger rail services would be predicated upon completion of further in-depth feasibility and service development planning studies and identification of ongoing funding for operations and maintenance expenses.

2.1.4 SOUTH DAKOTA PASSENGER RAIL PERFORMANCE EVALUATION

There are currently no passenger rail services in South Dakota (with the exception of BHC's 1880 Train tourist train service between Hill City and Keystone). As a result, there is no formal commuter or intercity passenger rail performance data to report.

BHC's 1880 Train tourist train ridership averages approximately 100,000 guests annually. BHC reported that the 2021 summer season marked the highest seasonal ridership in the history of the railroad. The majority of the 1880 Train's ridership is made up of tourists visiting from a five-state area that includes Wisconsin, Minnesota, Iowa, Nebraska, and South Dakota.

The operation of the 1880 Train is funded entirely through farebox and retail/concessions revenue. There is no public subsidy for train operations and no volunteer labor; all BHC staff are paid employees.

2.1.5 PUBLIC FINANCING FOR RAIL PROJECTS

The following section describes grant programs that are available to South Dakota and other states specifically for rail assistance as of 2022, as well as those programs that might be eligible for rail-related funding in particular applications.

2.1.5.1 STATE RAIL FUNDING PROGRAMS

There are two primary state-level funding sources available to support rail-related projects in South Dakota: the Railroad Trust Fund and the Local Infrastructure Improvement Fund. These two funding sources are described in this section.

RAILROAD TRUST FUND

For the purpose of planning, enlarging, maintaining, equipping, and protecting railroads and railroad facilities, the State has a special fund known as the South Dakota Railroad Trust Fund. The South Dakota State Railroad Board may make loans from the Railroad Trust Fund to Regional Railroad Authorities, based on terms and conditions set by the State Railroad Board. These funds may be used to match federal funds, and also can be spent directly on State-owned rail lines.

The Railroad Trust Fund was established in 1981 and primarily sustains itself through loan repayments; however, dollars have entered the Railroad Trust Fund in several other ways over the years. For example, when BNSF purchased a significant portion of the State-owned track it operated on in 2005, over \$40 million was infused into the Fund. Later in 2006, the Legislature diverted \$38 million to the State's Property Tax Reduction Fund, leaving a balance of \$14 million to allocate to railroad improvement projects. There are no State taxes currently in place to directly support the Railroad Trust Fund.

The South Dakota State Railroad Board continuously receives numerous worthy applications for Railroad Trust Fund dollars. As a result, in 2012 the South Dakota Legislature appropriated \$4 million for the Railroad Trust Fund from General Funds as part of Senate Bill 48. This raised the balance of the Trust Fund to \$7 million; however, in March 2012, the South Dakota State Railroad Board approved \$6,615,600 in loans, significantly reducing the balance. The balance was again increased in 2021 by the sale of the Sioux Valley rail line to D & I Railroad, and the sale of the MRC Line to Ringneck and Western LLC.

LOCAL INFRASTRUCTURE DEVELOPMENT PROGRAM²⁸

The Local Infrastructure Development Program (LIIP) offered by the South Dakota Governor's Office of Economic Development (GOED) provides grants to local development corporations, tribal governments, municipalities, counties, or other political subdivisions to construct or reconstruct public infrastructure associated with an economic development project.

The Local Infrastructure Improvement Program is open to any political subdivision in South Dakota, tribal government, or local development corporation.

Applicants must identify an economic development project and then work with their area planning district to submit a completed application before funding is considered.

If the board approves the application, the applicant must comply with the conditions of approval to remain eligible for the grant. GOED will issue payment within 30 days of the receiving the required compliance documentation.

2.1.5.2 INFRASTRUCTURE INVESTMENT AND JOBS ACT (IIJA)

On November 15, 2021, President Biden signed into law the Infrastructure Investment and Jobs Act (IIJA – also known as the Bipartisan Infrastructure Law [BIL]), a comprehensive legislative package establishing more than \$1.2 trillion in US infrastructure investments and establishing significant programs and policies to guide the development of infrastructure improvements.

Pertinent to transportation and rail, the IIJA funds existing discretionary programs administered by the USDOT at markedly higher levels, and also creates authorization for new discretionary programs aimed at delivering improvements to the nation's transportation infrastructure, including highways, freight rail, passenger rail, transit systems, multimodal facilities, and ports.

The IIJA significantly increased the authorizations, and in some instances provided advance appropriations, for existing discretionary programs that fund freight rail projects, both for those programs administered by the Office of Multimodal Freight Infrastructure and by the FRA. For instance, USDOT competitive discretionary grant programs including the Consolidated Rail Infrastructure and Safety Improvements program (CRISI), Infrastructure for Rebuilding America (INFRA) and Rebuilding American Infrastructure for Safety and Equity (RAISE – now part of the National Infrastructure Project Assistance Program) all received substantial funding increases, with at least \$18 billion available over five years just through those programs, at appropriated funding levels. Additional funding is authorized but subject to future appropriations.

Notably, IIJA also established new programs targeting rail improvements, including the Railroad Crossing Elimination Program, to be administered by the FRA. IIJA authorized and appropriated \$300 million

²⁸ South Dakota Governor's Office of Economic Development, Local Infrastructure Improvement. Retrieved from: <https://sdgoed.com/partners/financing-incentives/local-infrastructure-improvement/>

annually, over the five-year authorization, for a total of \$1.5 billion available through Fiscal Year (FY) 2026 to fund highway-rail or pathway-rail grade crossing improvement projects, including rail line relocation, crossing elimination, and installation of advanced signaling, warning devices, and signage.

The IIJA also delivers funding and establishes program requirements designed to support investment in and expansion of the nation's passenger rail network.

Provisions in the IIJA relevant to the potential establishment of passenger rail in South Dakota include:

- Establishment of a competitive grant program that makes available federal funding for the establishment and select administration expenses of interstate rail compacts (modeled after the Southern Rail Commission / Gulf Coast Working Group) (Section 22306)
- USDOT establishment of a program to identify, add and improve intercity passenger rail corridors. Corridors identified would work with USDOT, states and relevant stakeholders to prepare planning documentation supporting the establishment or improvement of services (Sec. 22308)

2.1.5.3 FEDERAL RAILROAD ADMINISTRATION PROGRAMS AND FUNDING SOURCES

The FRA administers rail-specific funding programs, including competitive discretionary grants and other targeted funding sources. The current FRA-administered funding sources are described in this section.

CONSOLIDATED RAIL INFRASTRUCTURE AND SAFETY IMPROVEMENTS PROGRAM (CRISI)²⁹

The CRISI program provides funding for capital projects that will improve passenger and freight rail transportation systems in terms of safety, efficiency, or reliability.

Eligible applicants for funding under the CRISI program include:

- A state;
- A group of states;
- An Interstate Compact;
- Public agencies or publicly chartered authorities established by one or more states;
- A political subdivision of a state;
- Amtrak or another rail carrier that provides intercity rail passenger transportation;
- A Class II railroad or Class III railroad or a holding company of a Class II or Class III railroad;
- Any rail carrier or rail equipment manufacturer in partnership with at least one of the entities described above;
- The Transportation Research Board (TRB) together with any entity with which it contracts in the development of rail-related research, including cooperative research programs;
- A university transportation center engaged in rail-related research; or,

²⁹ Federal Railroad Administration, Consolidated Rail Infrastructure and Safety Improvements Program. Retrieved from: <https://railroads.dot.gov/grants-loans/competitive-discretionary-grant-programs/consolidated-rail-infrastructure-and-safety-2>

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- A non-profit labor organization representing a class or craft of employees of rail carriers or rail carrier contractors.

Eligible projects under the CRISI program include:

- Deployment of railroad safety technology;
- Capital projects, as defined in 49 U.S.C. § 24401(2) for intercity passenger rail service, except that a project under this program is not required to be in a state rail plan;
- Capital projects that:
 - Address congestion challenges affecting rail service
 - Reduce congestion and facilitate ridership growth along heavily traveled rail corridors
 - Improve short-line or regional railroad infrastructure
- Highway-rail grade crossing improvement projects;
- Rail line relocation and improvement projects;
- Regional rail and corridor service development plans and environmental analyses;
- Any project necessary to enhance multimodal connections or facilitate service integration between rail service and other modes;
- The development and implementation of a safety program or institute;
- Any research that the Secretary of Transportation considers necessary to advance any particular aspect of rail-related capital, operations, or safety improvements; or,
- Workforce development and training activities, coordinated to the extent practicable with the existing local training programs supported by the Department of Transportation, the Department of Labor, and the Department of Education.

SPECIAL TRANSPORTATION CIRCUMSTANCES (STC)³⁰

The purpose of the STC program is to provide directed grant funding under the CRISI program and the Restoration and Enhancement Grant program to certain states that lack intercity passenger rail service or are not connected to the national rail system.

STC was authorized in Section 11301 of the FAST Act, Pub. L. No. 114-94 (2015); 49 U.S.C. § 22907(l). The STC authorization directs the Secretary of Transportation to allocate to certain states an appropriate portion of the amounts available to the other programs described in 49 U.S.C. § 229.

Eligible recipients for STC funding include:

- Alaska
- South Dakota
- Wyoming

³⁰ Federal Railroad Administration, Special Transportation Circumstances. Retrieved from: <https://railroads.dot.gov/grants-loans/directed-grant-programs/special-transportation-circumstances>

Eligible projects under the STC program include:

- For South Dakota, eligible projects must be freight rail capital projects in those states that are on a state rail plan developed under Chapter 227, and that provide public benefits as defined in 49 U.S.C. § 22701(2).
- The federal share of total costs for an STC project must not exceed 80 percent of the total cost of a project. The required 20 percent non-federal share may be composed of public sector (state or local) and/or private sector funding.

RAILROAD CROSSING ELIMINATION PROGRAM³¹

The Railroad Crossing Elimination Program (RCE) is a new, competitive discretionary grant program established under the IIJA that provides funding for highway-rail or pathway-rail grade crossing improvement projects that focus on improving the safety and mobility of people and goods.

Eligible applicants for RCE include:

- States, including the District of Columbia, Puerto Rico, and other U.S. territories and possessions;
- A political subdivision of a state;
- A federally recognized Indian Tribe;
- A unit of local government or a group of local governments;
- A public port authority;
- A metropolitan planning organization; or,
- A group of the entities described above.

Eligible projects under RCE include:

- Highway-rail grade separation or closure, including through the use of a bridge, embankment, tunnel, or any combination thereof;
- Track relocation;
- Improvement or installation of protective devices, signals, signs, or other equipment at crossings;
- Measures to improve safety related to a separation, closure, or track relocation project;
- Other means to improve the safety if related to the mobility of people and goods at highway-rail grade crossings (including technological solutions); or,
- The planning, environmental review, and design of any other eligible project type.

³¹ Federal Railroad Administration, Railroad Crossing Elimination Program. Retrieved from: <https://railroads.dot.gov/grants-loans/competitive-discretionary-grant-programs/railroad-crossing-elimination-grant-program>

2.1.5.4 USDOT FEDERAL MULTIMODAL DISCRETIONARY GRANT PROGRAMS

The USDOT administers several multimodal competitive discretionary grant programs, which are described in this section. For rail-focused projects receiving federal grant funding, the FRA is typically the lead agency that will administer the grant at the federal level.

MULTIMODAL PROJECT DISCRETIONARY GRANT PROGRAM (MPDG)

The Multimodal Project Discretionary Grant Program (MPDG) is a combined Notice of Funding Opportunity (NOFO) that allows the use of one application to apply for up to three separate USDOT funding opportunities:

- Mega: known statutorily as the National Infrastructure Project Assistance program (49 U.S.C. 6701)
- INFRA: known statutorily as the Nationally Significant Multimodal Freight and Highway Projects program (23 U.S.C. 117)
- Rural Surface Transportation Grant: (23 U.S.C. 173)

THE MEGA GRANT PROGRAM³²

The Mega program (known statutorily as the National Infrastructure Project Assistance program) will support large, complex projects that are difficult to fund by other means and likely to generate national or regional economic, mobility, or safety benefits. Mega is a new program created as part of the Bipartisan Infrastructure Law enacted in 2021 targeting projects with total costs of at least \$100 million.

A total of \$5 billion is available from 2022 through 2026.

Eligible applicants for the Mega Grant Program include:

- A state or a group of states;
- A metropolitan planning organization;
- A unit of local government;
- A political subdivision of a state;
- A special purpose district or public authority with a transportation function, including a port authority;
- A Tribal government or a consortium of Tribal governments;
- A partnership between Amtrak and one or more other types of entities described in this list; or,
- A group of entities described in this list.

³² U.S. Department of Transportation, The Mega Grant Program. Retrieved from: <https://www.transportation.gov/grants/mega-grant-program>

Eligible projects under the Mega Grant program include:

- A highway or bridge project carried out on—
 - the National Multimodal Freight Network
 - the National Highway Freight Network
 - the National Highway System
- A freight intermodal (including public ports) or freight rail project that provides a public benefit;
- A railway-highway grade separation or elimination project;
- An intercity passenger rail project; or
- Certain public transportation projects that are eligible for Federal Transit Administration funding under Title 49, U.S.C., and is a part of another eligible project types listed above.

INFRASTRUCTURE FOR REBUILDING AMERICA (INFRA)³³

INFRA (known statutorily as the Nationally Significant Multimodal Freight & Highway Projects) awards competitive grants for multimodal freight and highway projects of national or regional significance to improve the safety, efficiency, and reliability of the movement of freight and people in and across rural and urban areas.

INFRA is an existing program that was recently updated to include new eligibilities, set-asides, and other programming changes in the Bipartisan Infrastructure Law enacted in 2021 that are substantive changes from the FAST Act of 2015: 23 U.S.C. 117.

A total of \$7.25 billion is available from 2022 through 2026.

Eligible applicants for the INFRA program include:

- A state or a group of states;
- A metropolitan planning organization that serves an urbanized area (as defined by the Bureau of the Census) with a population of more than 200,000 individuals;
- A unit of local government or a group of local governments;
- A political subdivision of a state or local government;
- A special purpose district or public authority with a transportation function, including a port authority;
- A federal land management agency that applies jointly with a state or group of states;
- A Tribal government or a consortium of Tribal governments;
- A multistate corridor organization; or,
- A multistate or multijurisdictional group of entities described in this list.

³³ U.S. Department of Transportation, Infrastructure for Rebuilding America. Retrieved from: <https://www.transportation.gov/grants/infra-grants-program>

Eligible projects under the INFRA program are those that improve safety, generate economic benefits, reduce congestion, enhance resiliency, and hold the greatest promise to eliminate freight bottlenecks and improve critical freight movements.

RURAL SURFACE TRANSPORTATION GRANT PROGRAM³⁴

The Rural Surface Transportation Grant Program will support projects to improve and expand the surface transportation infrastructure in rural areas to increase connectivity, improve the safety and reliability of the movement of people and freight, and generate regional economic growth and improve quality of life. Rural is a new program created under the Bipartisan Infrastructure Law enacted in 2021.

A total of \$1 billion is available over from 2022 through 2026.

Eligible applicants for the Rural program include:

- States;
- Regional transportation planning organizations;
- Local governments; or,
- Tribal governments.

Eligible projects under the Rural program include:

- Highway, bridge, or tunnel projects eligible under the National Highway Performance Program, Surface Transportation Block Grant Program, or the Tribal Transportation Program;
- Highway freight project eligible under the National Highway Performance Program;
- Highway safety improvement project;
- A project on a publicly-owned highway or bridge improving access to certain facilities that support the economy of a rural area; and,
- Integrated mobility management system, transportation demand management system, or on-demand mobility services.

REBUILDING AMERICAN INFRASTRUCTURE WITH SUSTAINABILITY AND EQUITY (RAISE)³⁵

The RAISE program, formerly known as Transportation Investments Generating Economic Recovery (TIGER) and later Better Utilizing Investments to Leverage Development (BUILD), provides a unique opportunity for the USDOT to invest in road, rail, transit, and port projects that promise to achieve national objectives. Congress has dedicated nearly \$9.9 billion for 13 rounds of National Infrastructure Investments to fund projects that have a significant local or regional impact.

³⁴ U.S. Department of Transportation, The Rural Surface Transportation Grant. Retrieved from: <https://www.transportation.gov/grants/rural-surface-transportation-grant>

³⁵ U.S. Department of Transportation, RAISE Grants. Retrieved from: <https://www.transportation.gov/RAISEgrants/about>

In each round, USDOT receives hundreds of applications to build and repair critical pieces of freight and passenger transportation networks. The RAISE program enables USDOT to examine these projects on their merits to help ensure that taxpayers are getting the highest value for every dollar invested.

The eligibility requirements of RAISE allow project sponsors at the state and local levels to obtain funding for multi-modal, multi-jurisdictional projects that are more difficult to support through traditional USDOT programs. RAISE can fund port and freight rail projects, for example, which play a critical role in the nation's ability to move freight but have limited sources of federal funds. RAISE can provide capital funding directly to any public entity, including municipalities, counties, port authorities, tribal governments, MPOs, or others in contrast to traditional federal programs which provide funding to very specific groups of applicants (mostly state DOTs and transit agencies). This flexibility allows USDOT and partners at the state and local levels to work directly with a host of entities that own, operate, and maintain much of the nation's transportation infrastructure, but otherwise cannot turn to the federal government for support.

The RAISE program enables USDOT to use a rigorous merit-based process to select projects with exceptional benefits, explore ways to deliver projects faster and save on construction costs, and make needed investments in the nation's infrastructure.

Eligible applicants for the RAISE program include:

- States and the District of Columbia;
- Any territory or possession of the U.S.;
- A unit of local government;
- A public agency or publicly chartered authority established by one or more states;
- A special purpose district or public authority with a transportation function, including a port authority;
- A federally recognized Indian Tribe or a consortium of such Indian Tribes;
- A transit agency; or,
- A multistate or multijurisdictional group of entities that are each separately eligible.

Capital projects eligible under the RAISE program include:

- Highway, bridge, or other road projects eligible under Title 23, U.S.C.;
- Public transportation projects eligible under Chapter 53 of Title 49, U.S.C.;
- Passenger and freight rail transportation projects;
- Port infrastructure investments (including inland port infrastructure and land ports of entry);
- The surface transportation components of an airport project eligible for assistance under Part B of Subtitle VII of Title 49, U.S.C.;
- Intermodal projects;
- Projects to replace or rehabilitate a culvert or prevent stormwater runoff for the purpose of improving habitat for aquatic species while advancing the goals of the RAISE program;

- Projects investing in surface transportation facilities that are located on Tribal land and for which title or maintenance responsibility is vested in the federal government; or,
- Any other surface transportation infrastructure project that the Secretary of Transportation considers to be necessary to advance the goals of the RAISE program.

Planning projects eligible under the RAISE program include:

- Development of master plans, comprehensive plans, integrated land use and transportation plans, or corridor plans;
- Planning activities related to the development of a multimodal freight corridor, including those that seek to reduce conflicts with residential areas and with passenger and non-motorized traffic;
- Development of port and regional port planning grants, including statewide or multi-port planning within a single jurisdiction or region; or,
- Risk assessments and planning to identify vulnerabilities and address the transportation system's ability to withstand probable occurrence or recurrence of an emergency or major disaster.

2.1.5.5 OTHER RAIL-RELATED FEDERAL FUNDING PROGRAMS

Other rail-related non-grant funding programs exist at the federal level. Examples include the Federal Highway Administration's (FHWA) Railway-Highway Crossings Program (Section 130) and the Railroad Rehabilitation & Improvement Financing Program (RRIF), described in this section.

RAILWAY-HIGHWAY CROSSINGS PROGRAM (SECTION 130)³⁶

South Dakota receives approximately \$2.6 million annually from the FHWA in Railway-Highway Crossings Program (commonly referred to as Section 130) funding under the Highway Safety Improvement Program for the implementation of safety improvements at locations where a public roadway intersects with active railroad tracks. Currently in South Dakota, approximately 1,749 public at-grade intersections statewide are eligible for this financial assistance. Depending upon the cost of the improvements, approximately 12 projects are typically programmed annually in the South Dakota Statewide Transportation Improvement Program (STIP).

Section 130 projects may include:

- Installation of new or upgraded highway-rail grade crossing signal systems and active warning devices (e.g., installation of train-activated gates with flashing lights);
- Interconnection of highway-rail grade crossing signals with a roadway traffic signal;
- Highway-rail grade crossing approach and surface improvements;
- Highway-rail grade crossing visibility and roadway geometry improvements;
- Signing and pavement markings;

³⁶ Federal Highway Administration, Highway Safety Improvement Program. Retrieved from: <https://safety.fhwa.dot.gov/hsip/xings/>

- Lighting at highway-rail grade crossings;
- Improvements for interface between pedestrian/bicycle paths and railroad grade crossings;
- Highway-rail grade crossing elimination or consolidation; or,
- Highway-rail grade separation or replacement of grade separations.

Each state is entitled to use its sole discretion in selecting projects to receive Section 130 funding. Many states use a stakeholder-driven approach, a data-driven approach, or a combination of these two approaches to identify and prioritize projects. SDDOT has historically taken a stakeholder-driven approach and continues to solicit stakeholder input in identifying potential Section 130 projects.

RAILROAD REHABILITATION & IMPROVEMENT FINANCING (RRIF)³⁷

The RRIF program was established by the Transportation Equity Act for the 21st Century (TEA-21) and amended by the Safe Accountable, Flexible and Efficient Transportation Equity Act: a Legacy for Users (SAFETEA-LU), the Rail Safety Improvement Act of 2008, and the FAST Act. Under this program the USDOT is authorized to provide direct loans and loan guarantees to finance the development of railroad infrastructure.

RRIF funding may be used to:

- Acquire, improve, or rehabilitate intermodal or rail equipment or facilities, including track, components of track, bridges, yards, buildings, and shops, and the installation of positive train control systems;
- Develop or establish new intermodal or railroad facilities;
- Reimburse planning and design expenses relating to activities listed above;
- Refinance outstanding debt incurred for the purposes listed above; and,
- Finance transit-oriented development.

Direct loans can fund up to 100 percent of a railroad project with repayment periods of up to 35 years and interest rates equal to the cost of borrowing to the government.

Eligible borrowers include railroads, state and local governments, government-sponsored authorities and corporations, limited option freight shippers that intend to construct a new rail connection, and joint ventures that include at least one of the preceding.

A new subset of the RRIF program, known as RRIF Express, aims to reduce the time and costs associated with securing loans to modernize aging freight rail infrastructure for Class II and Class III railroads.³⁸

³⁷ U.S. Department of Transportation, Railroad Rehabilitation & Improvement Financing (RRIF). Retrieved from: <https://www.transportation.gov/buildamerica/financing/rrif>

³⁸ U.S. Department of Transportation, RRIF Express. Retrieved from: <https://www.transportation.gov/buildamerica/financing/rrif/rrif-express>

2.1.6 SAFETY AND SECURITY PROGRAMS IN SOUTH DAKOTA

2.1.6.1 HIGHWAY-RAIL GRADE CROSSING SAFETY

A primary focus of rail safety and security at the local, state, and national level is highway-rail grade crossing safety. The term highway-rail grade crossing refers to all intersections of the rail network with non-rail pathways, including streets, highways, non-motorized pathways, and private driveways or access roads. These intersections present an opportunity for conflict and potential collisions between trains or other on-track equipment and vehicles or pedestrians.

The SDDOT acts as a liaison between communities and local roadway authorities in South Dakota and the FRA. SDDOT also administers the federal Railway-Highway Crossings Program (or Section 130) funding that is made available to each state by the FHWA to implement targeted safety improvements at highway-rail grade crossings and highway-rail grade separations.

An inventory of highway-rail grade crossings involving public roadways and pathways is maintained by SDDOT. Potential projects are identified by reviewing accident/incident history and through requests from local roadway authorities, railroads, and other internal SDDOT personnel that have knowledge of driver behavior, changes necessary for pedestrian movements, need for interconnection, or changes in highway or railroad operations. Once projects have been identified, projects are prioritized according to the type of project and available funding. Projects selected and programmed for funding are then listed in the STIP, which is then reviewed and approved by the South Dakota Transportation Commission.³⁹

Table 36 below lists the total number of highway-rail crossings by type in South Dakota, as of 2021.

Table 36: Highway-Rail Crossings by Type in South Dakota (2021)

Highway-Rail Crossing Type	Number
Total Public Crossings	1,887
Public At-Grade	1,749
Public At-Grade with Passive Warning Devices	1,331
Public At-Grade with Active Warning Devices	418
Public Grade Separated	138
Total Private Crossings	991
Private At-Grade	944
Private Grade Separated	47

Table 37 lists the number of accidents/incidents at public highway-rail grade crossings in South Dakota each year from 2012 through 2021 by severity.

³⁹ South Dakota Department of Transportation, Statewide Transportation Improvement Program. Retrieved from: <https://dot.sd.gov/projects-studies/planning/stip>

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Table 37: Accidents/Incidents at Public Highway-Rail Grade Crossings (2012-2021)

Year	Number of Incidents Resulting in Fatality	Number of Incidents Resulting in Injury (Non-Fatal)	Number of Incidents Resulting in Property Damage Only	Total
2012	1	3	11	15
2013	1	5	6	12
2014	2	1	2	5
2015	0	4	6	10
2016	0	3	6	9
2017	0	4	11	15
2018	0	2	6	8
2019	1	1	9	11
2020	1	10	6	17
2021	0	2	6	8
Total	6	35	69	110

Source: FRA Office of Safety Analysis

SDDOT will continue to monitor and evaluate highway-rail grade crossing safety in South Dakota and will adjust the State's priorities as needed. As more individual highway-rail grade crossing locations are addressed with targeted improvements, the State will begin to consider projects using a corridor-based approach, to improve safety at crossings systematically along specific railroad subdivisions or portions of subdivisions, or within a single city or county. A corridor-based approach allows for better coordination of construction resources and reduced mobilization costs.

STATE ACTION PLAN

On December 14, 2020, the FRA announced that it would require each state to develop and submit a Highway-Rail Grade Crossing State Action Plan (SAP) by February 14, 2022. The SAP is intended to help guide the State's future decision-making related to identifying and selecting highway-rail grade crossing improvements by incorporating data analysis and public and stakeholder input.

Through the development of the SAP, SDDOT established a series of goals and objectives and related strategies designed to improve safety for the key areas of need/emphasis areas identified through the safety analysis. Each is based on federal guidance to establish goals that are Smart, Measurable, Agreed-upon, Realistic, and Time-bound (SMART).

SDDOT's SAP goals include the following:

- Goal 1: Reduce Total Highway-Rail Grade Crossing Accidents/Incidents by Half
- Goal 2: Work Towards Achieving and Maintaining Zero Fatal Accidents/Incidents
- Goal 3: Prioritize Safety Improvements at Crossings Experiencing Multiple Accidents/Incidents
- Goal 4: Increase Awareness of Railroad Crossing Improvement Program (RCIP)
- Goal 5: Increase Transparency and Objectivity of Safety Improvement Selection Process

Specific measures of progress for each goal are detailed further within the SAP. Specific actions and related strategies identified to achieve the goals are also provided in further detail in the SAP. For each action, the SAP proposes a series of specific items for SDDOT and other rail safety stakeholders to pursue. The actions described in the SAP include:

- Action 1: Implement Modified Approach for Safety Improvement Selection
- Action 2: Develop Enhanced Statewide Grade Crossing Inventory
- Action 3: Identify Opportunities for Implementation of Crossing Illumination
- Action 4: Enhance Communication with Eligible RCIP Applicants
- Action 5: Ongoing Coordination between Rail Safety Stakeholders
- Action 6: Targeted Public Education and Awareness Efforts

OPERATION LIFESAVER

Operation Lifesaver, Inc. (OLI) is a non-profit public information and education program that since 1972 has helped to prevent and reduce accidents/incidents, injuries, and fatalities and trespassing incidents and improve driver performance over the approximately 300,000 public and private highway-rail grade crossings in the U.S.

Operation Lifesaver of the Dakotas (the chapter covering South Dakota and North Dakota, also known as OL of the Dakotas) is a cooperative effort of the South Dakota Safety Council and North Dakota Safety Council, the railroads of South Dakota and North Dakota, State agencies, law enforcement, and other organizations to raise awareness of highway-rail grade crossing safety and to reduce highway-rail grade crossing and trespassing fatalities and incidents.⁴⁰ OL of the Dakotas engages and educates the public and various stakeholders through its website, social media, and free public presentations made by trained OLI presenters.

2.1.6.2 OTHER RAIL INCIDENTS

Accidents and incidents occurring on railroad property are required to be reported to the FRA by railroads. These statistics are made available by the FRA's Office of Safety Analysis. Accidents/incidents are reported in terms of whether railroad equipment was involved (such as collisions and derailments – most being very minor in nature; see **Table 38**), and in terms of casualties (fatalities and injuries – including all minor workplace injuries; see **Table 39**).

South Dakota has experienced only two major incidents involving railroad employees in the past 10 years. A 2017 accident resulted in two railroad employee fatalities and one 2019 derailment resulted in the injury of two employees.

⁴⁰ North Dakota Safety Council, Operation Lifesaver of the Dakotas. Retrieved from: <https://www.ndsc.org/operation-lifesaver/>

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Table 38: Accidents/Incidents Involving Railroad Equipment Reported in South Dakota (2012-2021)

Year	Number of Incidents Resulting in Fatality	Number of Incidents Resulting in Injury	Number of Incidents Resulting in Property Damage Only	Total
2012	0	0	11	11
2013	0	0	11	11
2014	0	0	7	7
2015	0	0	14	14
2016	0	0	8	8
2017	0	0	12	12
2018	0	0	11	11
2019	0	1	11	12
2020	0	0	15	15
2021	0	0	4	4
Total	0	1	104	105

Source: FRA Office of Safety Analysis

Table 39: Railroad Employee Casualties Reported in South Dakota (2012-2021)

Year	Number of Fatalities	Number of Injuries	Total
2012	0	9	9
2013	0	16	16
2014	0	6	6
2015	0	11	11
2016	0	3	3
2017	2	10	12
2018	0	2	2
2019	0	10	10
2020	0	8	8
2021	0	8	8
Total	2	83	85

Source: FRA Office of Safety Analysis

Note: Highway-rail accidents/incidents have been excluded from this table.

2.1.6.3 POSITIVE TRAIN CONTROL

Positive Train Control (PTC) is a rail safety technology adopted by the industry and intended to stop a train and prevent the following types of accidents:

- Collisions between trains;
- Derailments caused by excessive speed or by trains operating through switches left in the wrong position; or,
- Trains operating beyond the limits of authority provided by dispatcher or wayside signal.

PTC is an overlay that is integrated with existing wayside Centralized Traffic Control (CTC) systems as well as Track Warrant Control (TWC) territory with or without passive wayside Automatic Block Signal (ABS) systems. In non-sigaled territory with TWC, other forms of control and safety hardware can be integrated with PTC systems without wayside signals. These include Remote Control Power Switch (RCPS) powered turnout locations, Switch Point Monitoring System (SPMS) switch position sensors, and Track Integrity Warning System (TIWS) track circuitry.^{41, 42, 43} PTC is designed to determine the location and speed of trains, warn locomotive engineers in advance of the need to slow or stop the train, and take braking action if engineers do not respond to a warning in the time prescribed. Trains and on-track maintenance equipment, wayside components, and back-office servers corresponding to each railroad's respective train dispatching centers are all connected by data radio systems and/or fiber-optic cable.

The Rail Safety Improvement Act of 2008 originally required U.S. railroads to install PTC systems by December 31, 2015, on Class I rail routes carrying over 5 million gross ton-miles of freight per mile with commuter or intercity passenger operations or any amount of toxic or poison-by-inhalation hazardous materials. PTC requirements currently exclude Class II (regional) or Class III (short line) railroads that do not host passenger service. However, Class II and III railroad trains that operate over PTC-equipped Class I railroad lines are also required to have locomotives that are PTC-equipped.

The rail industry widely considered the 2015 PTC implementation deadline to be a challenge, as about 60,000 miles of rail line nationwide would be affected over a 20-year period and implementation costs were estimated at approximately \$12 billion. As of late 2013, the U.S. Congress was considering an extension of the implementation deadline but had not yet acted. Despite the possible extension of the deadline, Class I railroads worked diligently to develop and install PTC systems for their respective networks.

Ultimately, the PTC implementation deadline was extended to December 31, 2018, by the Positive Train Control Enforcement and Implementation Act of 2015. This law also enabled affected railroads to apply for an extension of up to 24 months provided the railroad demonstrated progress towards key milestones. While Class I railroads met the December 31, 2018, deadline, many smaller railroads and transit agencies that operate commuter rail service did not have the resources necessary to complete their implementation on time. As a result, nearly every affected railroad, including each Class I railroad, applied for an extension in order to accommodate adjoining railroads until full interoperability could be achieved.

⁴¹ AREMA, Remote Control Power Switch, 2007. Retrieved from:

https://www.arena.org/files/library/2007_Conference_Proceedings/Remote_Control_Power_Switch_2007.pdf

⁴² Federal Railroad Administration, Development of a Switch Point Monitoring System in Non-Sigaled Territory, 2007. Retrieved from: <https://rosap.ntl.bts.gov/view/dot/40342>

⁴³ AREMA, Broken Rail Detection System in Non-Sigaled Territory, 2010. Retrieved from:

https://www.arena.org/files/library/2010_Conference_Proceedings/Broken_Rail_Detection_in_Non-Sigaled_Territory.pdf

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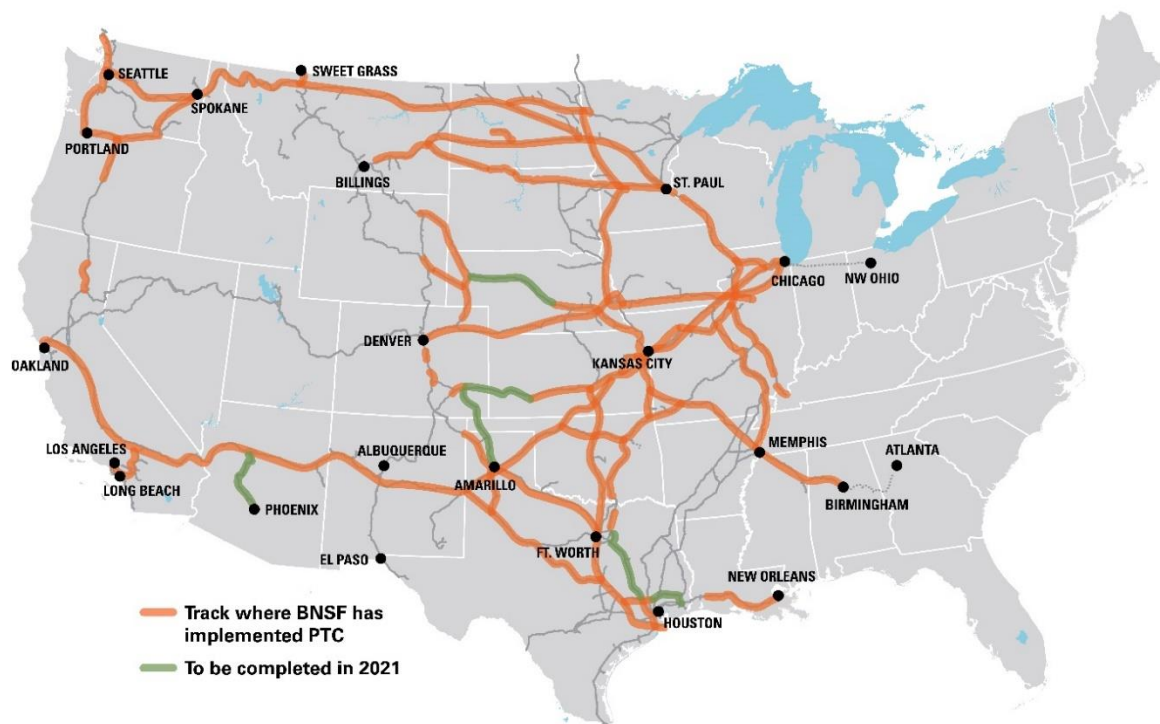
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BNSF has voluntarily implemented PTC on several lines within South Dakota. **Figure 19** shows BNSF's PTC implementation systemwide.⁴⁴ As of 2021, BNSF has installed PTC on the following subdivisions in South Dakota:

- Appleton
- Mobridge
- Marshall
- Black Hills
- Butte

As a connecting short line carrier that operates over a portion of the BNSF network in South Dakota via a trackage rights agreement, TCWR was also required to outfit its locomotives with onboard PTC equipment to enable them to continue to operate between Appleton, Minnesota and Milbank, South Dakota. TCWR achieved full interoperable PTC compliance in 2020.

Figure 19: BNSF's Nationwide PTC Implementation as of 2021



Source: BNSF Railway

⁴⁴ BNSF Railway, Positive Train Control. Retrieved from: <https://www.bnsf.com/in-the-community/safety-and-security/positive-train-control.page>

2.1.7 FREIGHT RAIL ECONOMIC IMPACTS

The economic impacts of freight rail were estimated in South Dakota. Economic impacts of freight rail activities in South Dakota stem from railroads providing freight transportation services, and industries that use such services in the production and trading of goods. Of these two types of activities, industries that are freight rail users generate the most significant impacts. The economic impacts of freight rail in South Dakota in 2019 were estimated using IMPLAN®, an economic modeling, input-output based social account matrix software.

Input data and assumptions are based on:

- Freight movements derived from the 2019 STB Carload Waybill Sample of rail shipments originating in South Dakota
- Values of commodity shipments extracted from the FHWA Freight Analysis Framework version 5 (FAF5) database for rail shipments originating in South Dakota

Economic impacts of freight rail are categorized into two activity types: freight rail service providers and freight rail users. For each activity, three impact types were modeled: direct, indirect, and induced. Then, for each type, four measures of economic activity were quantified: employment, labor income, value added, and output to provide a comprehensive perspective on how freight rail in South Dakota impacts the overall economy. **Table 40** provides a summary of impacts. Key results from each activity include the following:

- **Output:** Railroads and freight rail users generated approximately \$7.6 billion dollars in output.
- **Employment:** Freight rail-related employment in South Dakota in 2019 totaled 32,261 jobs, which represented 5.2 percent of the 615,171 total statewide employment.
- **Labor Income:** Labor income includes both employee compensation and proprietary income. The amount earned by these employees amounted to over \$1.6 billion, representing 4.9 percent of the state's total labor income in 2019.
- **Value Added:** The total value added impact is over \$2.6 billion and represents 4.7 percent of South Dakota's Gross State Product.

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Table 40: Summary of Freight Rail Economic Impacts in South Dakota

Measure and Type	Rail Service Provision	Freight Rail Users	Total
OUTPUT *			
Direct	\$676	\$3,610	\$4,287
Indirect	\$327	\$1,933	\$2,260
Induced	\$168	\$836	\$1,004
Total	\$1,171	\$6,380	\$7,551
EMPLOYMENT			
Direct	1,823	11,533	13,356
Indirect	1,796	10,212	12,008
Induced	1,157	5,740	6,897
Total	4,776	27,485	32,261
LABOR INCOME *			
Direct	\$128	\$576	\$704
Indirect	\$88	\$521	\$609
Induced	\$52	\$260	\$313
Total	\$268	\$1,358	\$1,625
TOTAL VALUE ADDED *			
Direct	\$180	\$896	\$1,076
Indirect	\$143	\$831	\$974
Induced	\$94	\$466	\$559
Total	\$416	\$2,193	\$2,609

*All monetary values are in millions of 2017 dollars

Details regarding the methodology and results of the IMPLAN[®] economic impact analysis are included in Appendix A.

2.2 SOUTH DAKOTA'S EXISTING RAIL SYSTEM: TRENDS AND FORECASTS

2.2.1 DEMOGRAPHIC AND ECONOMIC GROWTH FACTORS

2.2.1.1 POPULATION

South Dakota has a steadily growing population and is currently a net in-migration state.

Table 41 below lists the recorded state population over the years 2017 through 2021.

Table 41: South Dakota Population, 2017-2021

Measure	2017	2018	2019	2020	2021
Population	873,732	879,386	887,127	887,099	895,376

Source: U.S. Census Bureau

2.2.1.2 EMPLOYMENT

As of 2020, total employment in South Dakota was estimated to number 594,556 jobs.⁴⁵

Table 42 below lists the total employment in South Dakota over the years 2017 through 2020.

Table 42: South Dakota Employment, 2017-2020

Measure	2017	2018	2019	2020
Population	601,286	610,122	610,822	594,556

Source: Bureau of Economic Analysis

2.2.1.3 PERSONAL INCOME

As of 2020, the per-capita personal income in South Dakota was \$59,656, with South Dakota ranking 17th out of 50 states in the U.S.⁴⁶

2.2.1.4 FREIGHT DEMAND BASELINE BY INDUSTRIAL SECTOR

AGRICULTURE

Agriculture is South Dakota's largest industry and is integral to the region's cultural heritage. South Dakota's top agricultural crop commodities today are corn, soybeans, and wheat.⁴⁷ Corn and soybeans grown in South Dakota are exported to international markets in large volumes by rail and maritime shipping, while South Dakota wheat is mainly processed and consumed domestically.

Other staple crops grown commercially in South Dakota include hay, sunflowers, sorghum, millet, oats, safflower, peas, barley, and haylage.⁴⁸

Table 43 lists the agricultural crop production in South Dakota over the years 2017 through 2021.

⁴⁵ Bureau of Economic Analysis, Regional Data – GDP & Personal Income – South Dakota.

⁴⁶ Ibid.

⁴⁷ United States Department of Agriculture, 2021 State Agriculture Overview, South Dakota. Retrieved from: https://www.nass.usda.gov/Quick_Stats/Ag_Overview/stateOverview.php?state=SOUTH%20DAKOTA

⁴⁸ Ibid.

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Table 43: Agricultural Crop Production in South Dakota, 2017-2021 (Bushels)

Crop	2017	2018	2019	2020	2021
Corn	748,250,076	777,600,000	557,280,000	720,900,000	739,800,000
Soybeans	240,114,687	251,100,000	146,200,000	226,320,000	215,600,000
Wheat	45,137,278	72,294,000	65,410,000	70,285,000	44,470,000

Source: USDA National Agricultural Statistics Service

In 2021, total crop production and related industries was estimated to contribute \$3.3 billion in value added to the South Dakota economy, with 30,817 jobs in this sector.⁴⁹

Figure 20 below shows the total value added derived from crops for each county in South Dakota, in millions of dollars.

Figure 20: Value Added Derived from Crop Production By County (in \$ Millions), 2020

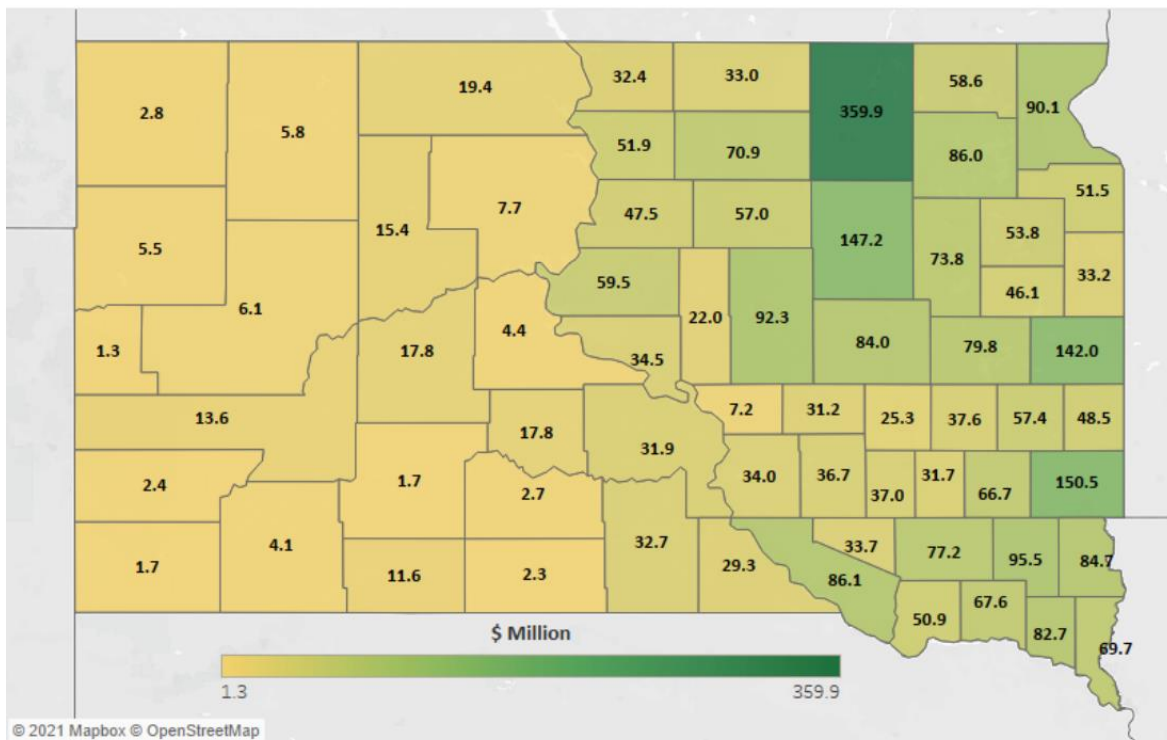
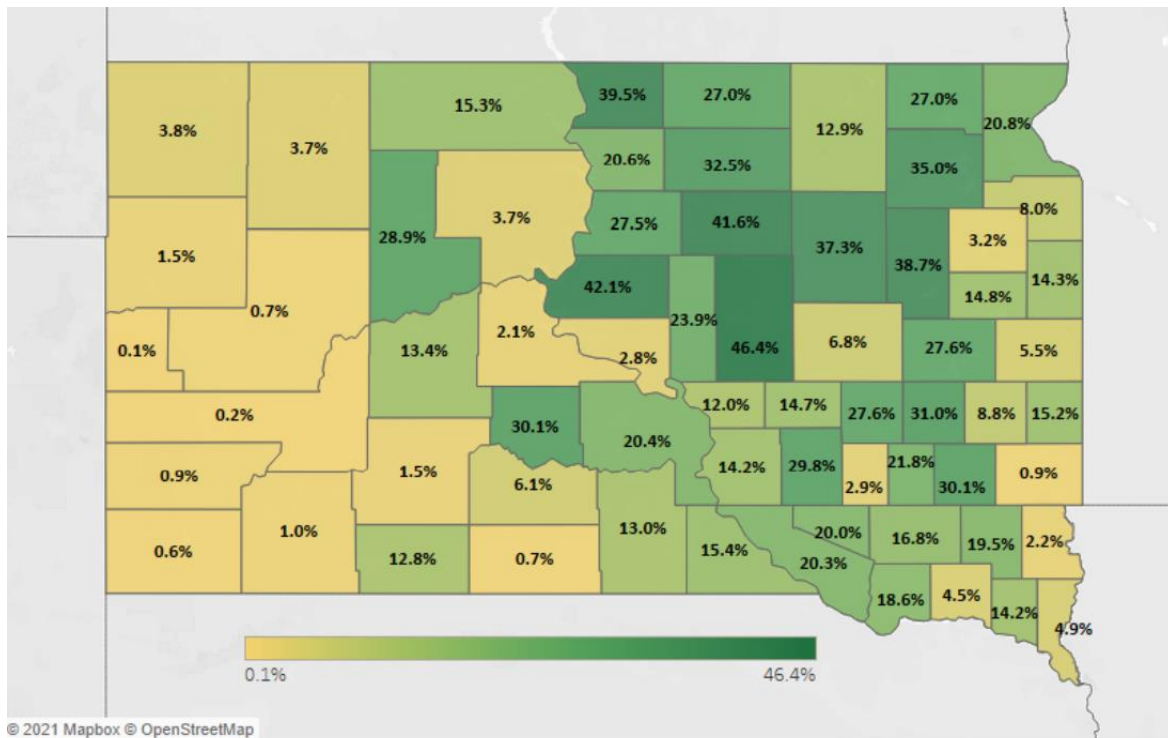


Figure 21: Percent of Value Added Derived from Crop Production by County, 2020



Source: South Dakota Department of Agriculture and Natural Resources, 2021 Economic Contribution Study of South Dakota Agriculture, Ethanol and Forestry, July 2021

BIOPROCESSING

While much of the agricultural production is exported, there are also numerous facilities in South Dakota that process crops into higher-value products including biofuels, such as ethanol and biodiesel, and non-fuel (including food-grade) vegetable oils. Corn is processed into ethanol through a fermentation and distillation process. Byproducts of ethanol production include corn oil and dried distillers grains. Likewise, soybeans are processed primarily as an oil crop to produce soybean oil, which can be used to create biodiesel. Bulk transportation of these produced goods often moves by rail but use in local markets often involve truck transportation or pipeline.

CONSTRUCTION

Construction is a major industry in South Dakota, driven by residential and commercial growth in cities as well as agricultural growth statewide. Construction materials including aggregates, cement, lumber, and drywall are moved by rail.

MANUFACTURING

Manufacturing facilities in South Dakota receive raw materials by rail, including steel and plastics.

MINING

South Dakota leads in mica production. The state also produces construction aggregates, crushed stone, dimensional stone, feldspar, gemstones, gold, gypsum, industrial sand and gravel, lime, and silver.⁵⁰ Iron ore mined is used for cement clinker. Bulk transportation of these raw materials and processed minerals often moves by rail.

2.2.2 COMMODITY FLOW ANALYSIS

The freight demand trends analysis is intended to establish a clear understanding of the types of commodities that are transported by rail in South Dakota currently and the volumes associated with each, whether they are originating, terminating, intrastate, or through movements. This information, combined with an evaluation of the share of freight transportation by each mode (i.e., road, rail, pipeline, air, and water), facilitates a broader understanding of intermodal connectivity and potential opportunities to maximize the utility of the rail network.

2.2.2.1 DATA SOURCES

Two primary data sources were used in this commodity flow analysis for South Dakota: the STB Carload Waybill Sample and the FHWA Freight Analysis Framework (FAF).

Carload Waybill Sample: The Carload Waybill Sample is a representative sample of shipment data reported by railroads that terminate (deliver) more than 4,500 railcars per year. Freight railroads that terminate fewer than 4,500 railcars annually do not contribute directly to this dataset; however, shipments originating or terminating on non-reporting railroads may still be reported by a connecting railroad interchange partner. The data are considered representative of all rail freight moved and provide insight into inbound, outbound, internal, and through movements.

Each individual waybill describes the origin and destination stations, the commodity type, the number of carloads, and the tonnage of an individual shipment.

Freight Analysis Framework: The FAF is a publicly available national freight database with a geographic coverage of all states and major metropolitan areas. The FAF provides data classified by freight tonnage and freight value as well as mode share. It also provides a forecast of freight tonnage and value for each mode.

All freight data recorded in the Carload Waybill Sample classify freight using a seven-digit Standard Transportation Commodity Code (STCC), while FAF uses a two-digit Standard Classification of Transportation Goods. The seven-digit STCC provides a detailed commodity description, while the two-digit value describes only the general category of the commodities.

⁵⁰ U.S. Geological Survey, The Mineral Industry of South Dakota. Retrieved from: <https://www.usgs.gov/centers/national-minerals-information-center/mineral-industry-south-dakota>

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2.2.2.2 RAIL FREIGHT COMMODITY FLOWS BY DIRECTION

Information regarding recent freight rail shipments in South Dakota was derived from the 2019 STB Carload Waybill Sample. Rail movements are categorized by direction (inbound, outbound, intrastate, and through) and commodity and are measured in both tonnage and carloads. The four directional categories are defined below:

- **Inbound:** Freight originating outside of South Dakota with a destination in South Dakota.
- **Outbound:** Freight originating in South Dakota with a destination outside of South Dakota.
- **Intrastate:** Freight originating in South Dakota and terminating at another station within South Dakota.
- **Through:** Freight with an origin and destination both outside of South Dakota traveling along South Dakota's rail network to reach the destination.

SUMMARY

As shown in **Table 44**, 2019 South Dakota rail movements totaled 115 million tons that were carried via more than one million carload units. Of all rail movements, through movements (i.e., originating and terminating outside of South Dakota) made up the largest share of all shipments and comprised approximately 85 percent of all tonnage and approximately 84 percent of all carloads. Outbound movements represented the next largest share of shipments, comprising approximately 11 percent of all tonnage and approximately 12 percent of all carloads. Inbound movements are slightly smaller in magnitude, comprising approximately 3 percent of all tonnage and approximately 3 percent of all carloads. In comparison, intrastate movements are relatively small, encompassing less than one percent of all tonnage and carload volumes.

Carload shipments move in both manifest trains as well as dedicated unit trains. South Dakota does not currently have any intermodal terminals to process inbound, outbound, or intrastate container on flatcar (COFC) or trailer on flatcar (TOFC) shipments.

Table 44: South Dakota Freight Rail Movement by Direction, 2019

Traffic Type	Total Tonnage (in thousands)	Percentage	Total Carloads (in thousands)	Percentage	Tons per Carload
Inbound	3,734	3.24%	37	3.49%	101.3
Outbound	12,969	11.25%	126	11.96%	102.8
Intrastate	62	0.05%	0.7	0.07%	89.2
Through	98,431	85.45%	891	84.48%	110.5
Total	115,197	100.00%	1,055	100.00%	109.2

Source: 2019 STB Carload Waybill Sample

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MAJOR COMMODITIES

The rail network in South Dakota handles a wide variety of freight, but high volumes of coal originating in the Powder River Basin of Wyoming and moving through the southwestern corner of South Dakota make up the largest single source of rail traffic. The largest source of outbound (originating) freight from South Dakota is Farm Products, consisting largely of corn, soybeans, and wheat, among other crops. **Table 45** lists the top commodity categories moved by rail in South Dakota across all directions.

Table 45: South Dakota Major Commodities by Direction, 2019 (in Thousands of Tons)

STCC	Commodity Description	Inbound	Outbound	Intrastate	Through	Total
11	Coal	1,821	0	0	78,623	80,444
01	Farm Products	18	7,764	49	3,306	11,137
20	Food or Kindred Products	4	2,314	0	4,676	6,993
28	Chemicals or Allied Products	955	2,524	8	2,006	5,492
13	Crude Petroleum, Natural Gas or Gasoline	1	0	0	3,322	3,323
29	Petroleum or Coal Products	23	92	0	2,111	2,226
32	Clay, Concrete, Glass, or Stone	347	173	0	1,501	2,021
24	Logs, Lumber, Wood Prod.	114	0	0	986	1,100
14	Nonmetallic Minerals	140	4	0	789	933
37	Transportation Equipment	74	45	5	284	408
33	Primary Metal Products	117	0	0	286	403
26	Pulp, Paper, or Allied Products	88	0	0	141	230
40	Waste or Scrap Materials	33	54	0	130	218
46	Misc. Mixed Shipments	0	0	0	113	113
35	Machinery	0	0	0	76	76
	<i>All Other Commodities</i>	0	0	0	81	81
Total		3,734	12,969	0	98,431	115,197

Source: 2019 STB Carload Waybill Sample

INBOUND FREIGHT MOVEMENT

Table 46 lists the top freight commodities by weight terminating by rail in South Dakota. Coal is the largest inbound commodity into South Dakota, used for electric power generation. Chemicals (including both solid and liquid fertilizers used for agronomy and soil management) are the next largest inbound commodity. Clay, Concrete, Glass, or Stone; Nonmetallic Minerals; Primary Metal Products, Logs, Lumber, or Wood Products; and Pulp, Paper, or Allied Products make up the majority of the remaining inbound tonnage. These materials are used in construction and manufacturing. The Transportation Equipment commodity description primarily represents the non-revenue movement of empty railcars.

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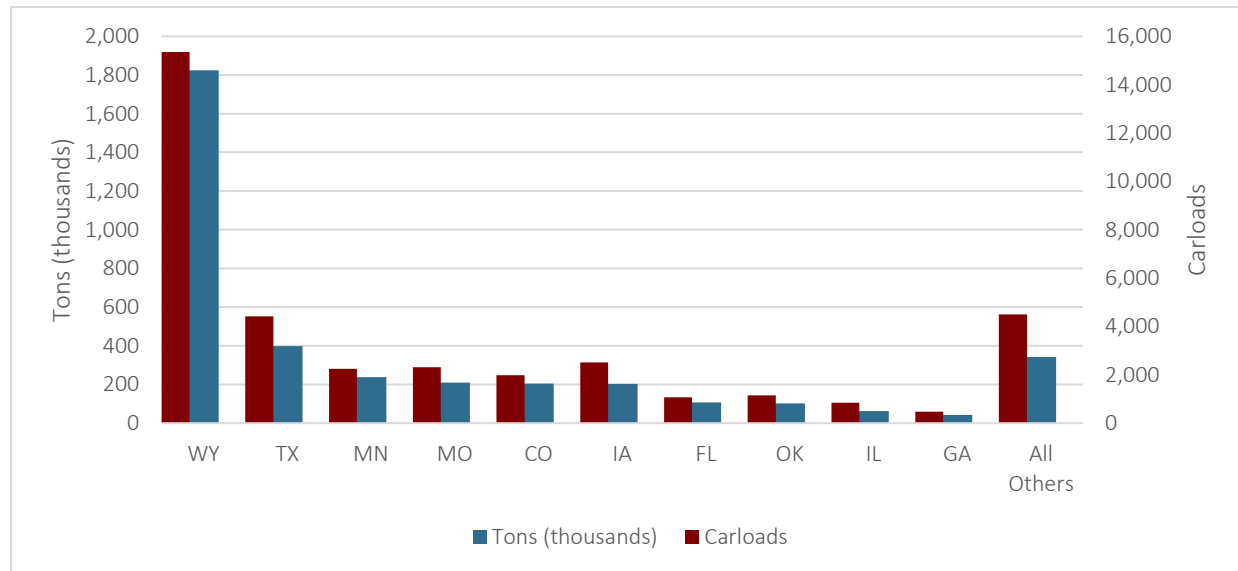
Figure 22 shows the top origins of inbound rail traffic destined for South Dakota. Wyoming is the largest source of inbound traffic (primarily consisting of coal), followed by Texas.

Table 46: Top Freight Commodities by Weight Terminating in South Dakota, 2019

STCC	Commodity Description	Tons (in thousands)
11	Coal	1,821
28	Chemicals or Allied Products	955
32	Clay, Concrete, Glass or Stone	347
14	Nonmetallic Minerals	140
33	Primary Metal Products	117
24	Logs, Lumber, Wood Prod.	114
26	Pulp, Paper or Allied Products	88
37	Transportation Equipment	74
40	Waste or Scrap Materials	33
29	Petroleum or Coal Products	23
01	Farm Products	18
20	Food or Kindred Products	4
13	Crude Petroleum, Natural Gas or Gasoline	1
Total		3,734

Source: 2019 STB Carload Waybill Sample

Figure 22: Origins of Inbound Rail Traffic Terminating in South Dakota, 2019



Source: 2019 STB Carload Waybill Sample

OUTBOUND FREIGHT MOVEMENT

Table 47 lists the top freight commodities by weight originating by rail in South Dakota. Farm Products are the largest originating commodity group, consisting of crops such as corn, soybeans, wheat, sunflower seeds, milo, and sorghum. Chemicals or Allied Products (including most types of ethanol) are the next largest commodity group, followed closely by Food or Kindred Products (including all vegetable oils and other bioprocessing byproducts). Cement, scrap metal, and nonmetallic minerals make up the bulk of the remaining outbound freight movements. The Transportation Equipment commodity description represents the non-revenue movement of empty railcars to and from storage or repair facilities.

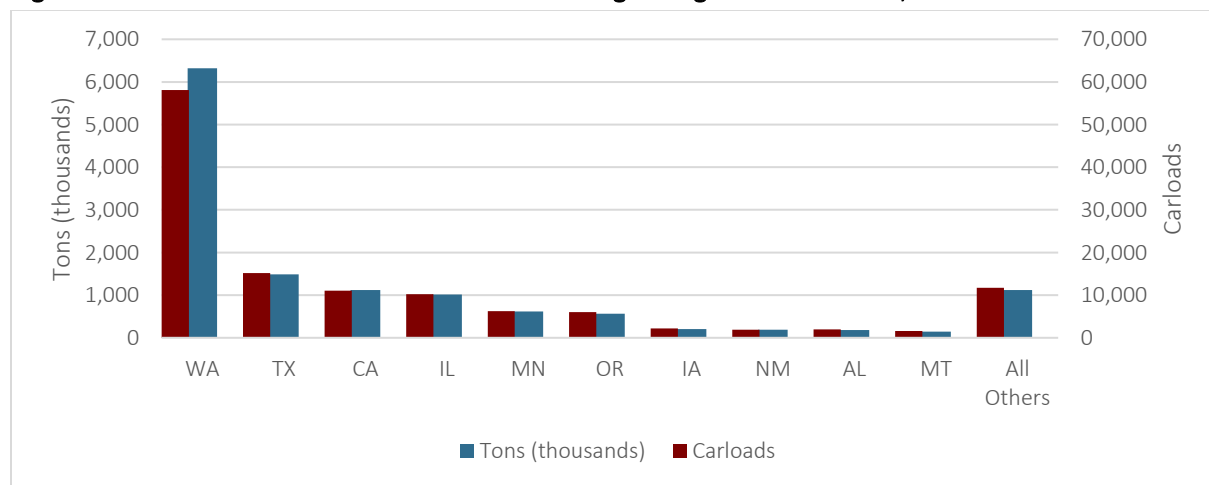
Table 47: Top Freight Commodities by Weight Originating in South Dakota, 2019

STCC	Commodity Description	Tons (in thousands)
01	Farm Products	7,764
28	Chemicals or Allied Products	2,524
20	Food or Kindred Products	2,314
32	Clay, Concrete, Glass or Stone	173
29	Petroleum or Coal Products	92
40	Waste or Scrap Materials	54
37	Transportation Equipment	45
14	Nonmetallic Minerals	4
Total		12,969

Source: 2019 STB Carload Waybill Sample

Figure 23 shows the top destinations of outbound rail traffic originating by rail in South Dakota. Washington receives the largest proportion of rail freight movement from South Dakota, largely consisting of farm products destined for export overseas through coastal seaports.

Figure 23: Destinations of Outbound Rail Traffic Originating in South Dakota, 2019



Source: 2019 STB Carload Waybill Sample

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OUTBOUND FARM PRODUCTS

Table 48 lists the outbound commodities in the Farm Products category originating by rail in South Dakota by weight. Corn, soybeans, and wheat are South Dakota's primary agricultural outputs in terms of tonnage.

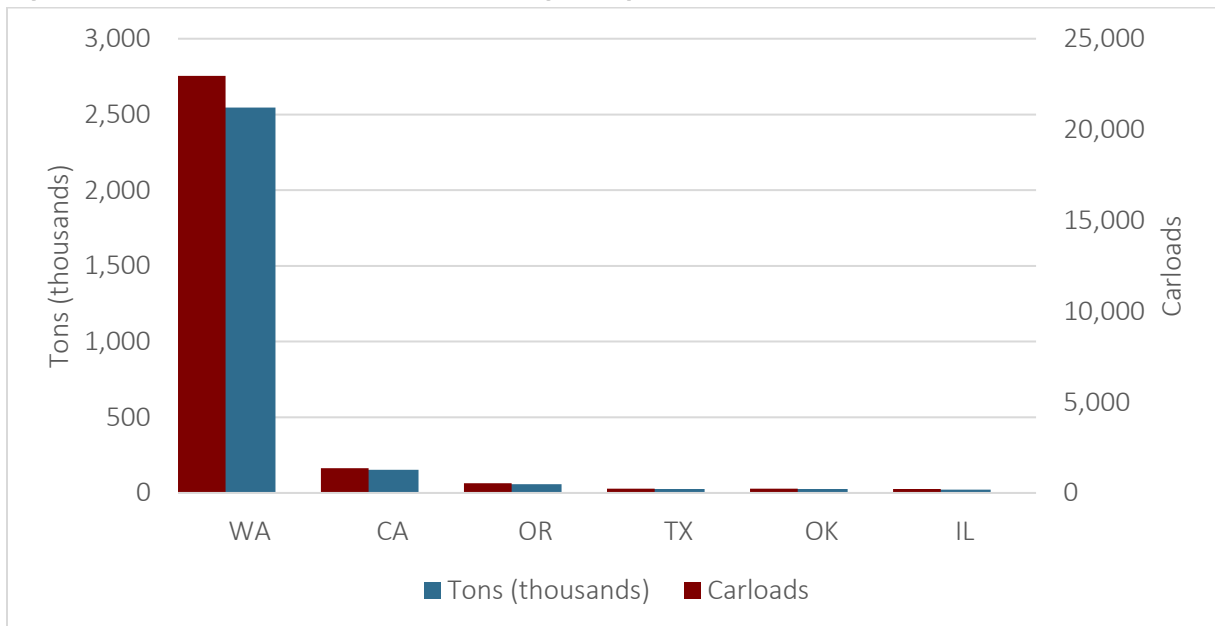
Table 48: Farm Products Commodities by Weight Originating in South Dakota, 2019

STCC	Commodity Description	Tons (in thousands)
0113215	Corn	2,830
0114410	Soybeans	2,977
0113710	Wheat	1,762
0114940	Sunflower Seeds	104
0113690	Sorghum	58
0113655	Milo	26
0115943	Millet Seeds	5
0113925	Millet	4
Total		7,764

Source: 2019 STB Carload Waybill Sample

Figure 24 shows the top destinations of outbound corn originating by rail in South Dakota. Washington state receives the largest proportion of corn shipments from South Dakota, followed by California, Oregon, Texas, Oklahoma, and Illinois.

Figure 24: Destinations of Outbound Corn Originating in South Dakota, 2019



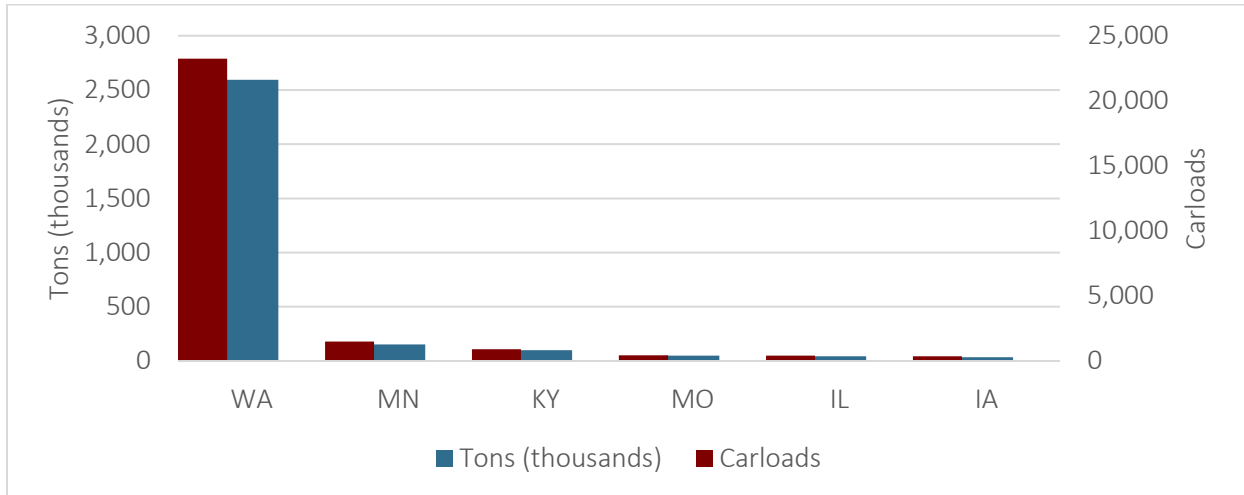
Source: 2019 STB Carload Waybill Sample

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Figure 25 lists the top destinations of outbound soybeans originating by rail in South Dakota. Washington receives the largest proportion of soybean shipments from South Dakota, followed by Minnesota, Kentucky, Missouri, Illinois, and Iowa.

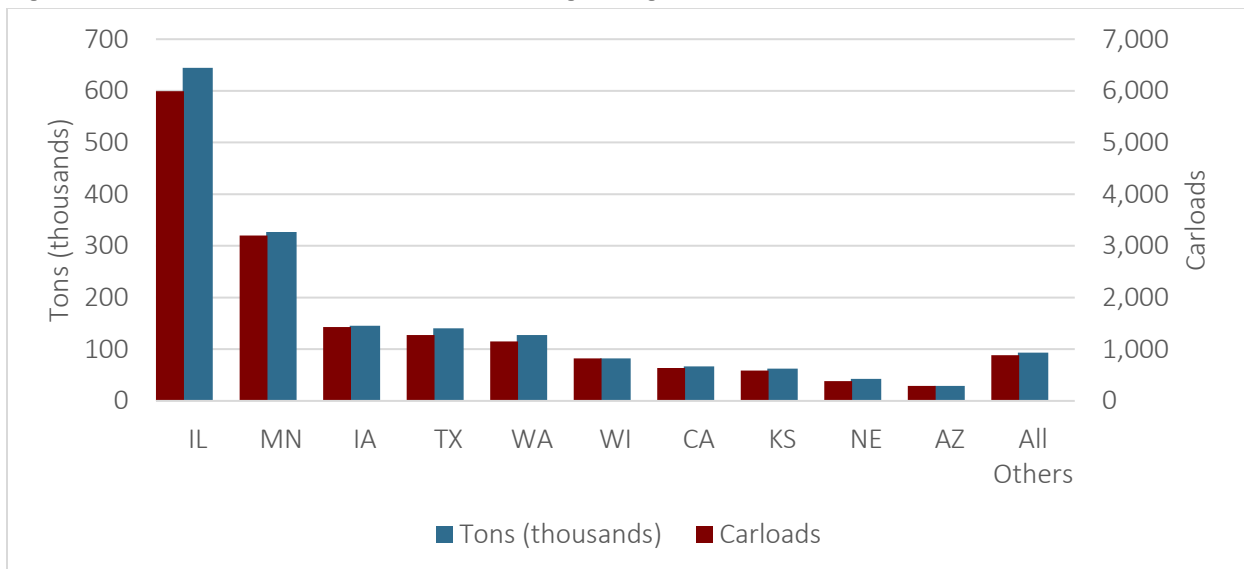
Figure 25: Destinations of Outbound Soybeans Originating in South Dakota, 2019



Source: 2019 STB Carload Waybill Sample

Figure 26 lists the top destinations of outbound wheat originating by rail in South Dakota. Illinois receives the largest proportion of wheat shipments from South Dakota, followed by Minnesota, Iowa, Texas, Washington, and Wisconsin.

Figure 26: Destinations of Outbound Wheat Originating in South Dakota, 2019



Source: 2019 STB Carload Waybill Sample

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OUTBOUND BIOPROCESSING PRODUCTS

Table 49 lists the outbound rail volume by weight of the products associated with the bioprocessing industry in South Dakota. Ethanol produced from corn is the largest bioprocessing product by volume. Other bioprocessing products and byproducts handled by rail include distillers mash, soybean meal, soybean oil, corn oil, pelletized soybean hulls, and dried spent grants.

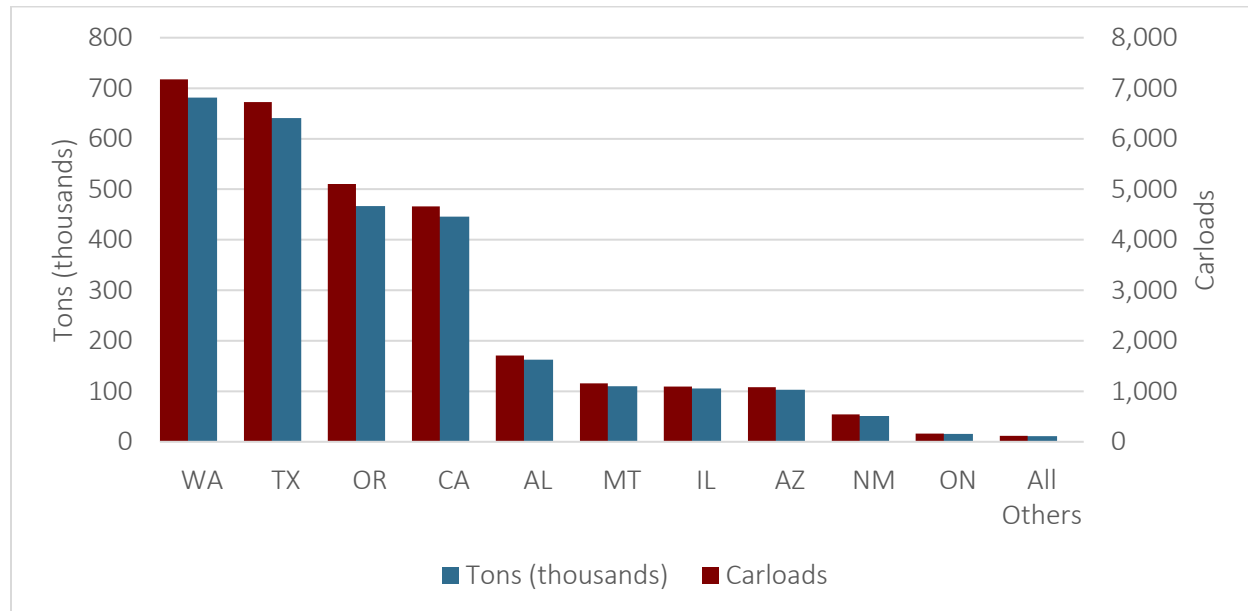
Table 49: Bioprocessing Products by Weight Originating in South Dakota, 2019

STCC	Commodity Description	Tons (in thousands)
2818445	Ethanol	2,793
2818446		
2085120		
2085940	Distillers Mash	1,164
2092314	Cake, Meal or Screenings, Soybean	401
2092110	Soybean Oil	178
2046510	Corn Oil	111
2092317	Pelletized Soybean Hulls	51
2082330	Dried Spent Grains	41
Total		4,740

Source: 2019 STB Carload Waybill Sample

Figure 27 shows the top destinations of outbound ethanol originating by rail in South Dakota. Washington was the top destination state for ethanol, followed by Texas, Oregon, and California.

Figure 27: Destinations of Outbound Ethanol Originating in South Dakota, 2019



Source: 2019 STB Carload Waybill Sample

INTRASTATE FREIGHT MOVEMENT

Intrastate shipments reported in South Dakota are few, but primarily consisted of the movement of Farm Products to processors. **Table 50** lists the intrastate rail movements.

Table 50: Top Freight Commodities by Weight Traveling Within South Dakota, 2019

STCC	Commodity Description	Tons (in thousands)
01	Farm Products	49
28	Chemicals or Allied Products	8
37	Transportation Equipment	5
Total		62

Source: 2019 STB Carload Waybill Sample

THROUGH FREIGHT MOVEMENT

Table 51 lists the top freight commodities by weight traveling through South Dakota by rail. Coal originating in Wyoming makes up the majority of all through rail freight movement.

Table 51: Top Freight Commodities by Weight Traveling Through South Dakota, 2019

STCC	Commodity Description	Tons (in thousands)
11	Coal	78,623
20	Food or Kindred Products	4,676
13	Crude Petroleum, Natural Gas or Gasoline	3,322
01	Farm Products	3,306
29	Petroleum or Coal Products	2,111
28	Chemicals or Allied Products	2,006
32	Clay, Concrete, Glass or Stone	1,501
24	Logs, Lumber, Wood Prod.	986
14	Nonmetallic Minerals	789
33	Primary Metal Products	286
37	Transportation Equipment	284
26	Pulp, Paper or Allied Products	141
40	Waste or Scrap Materials	130
46	Misc. Mixed Shipments	113
35	Machinery	76
10	Metallic Ores	47
42	Shipping Containers	26
44	Freight Forwarder	6
47	Small Pig Freight Shipments	1
	<i>All Others</i>	1
Total		98,431

Source: 2019 STB Carload Waybill Sample

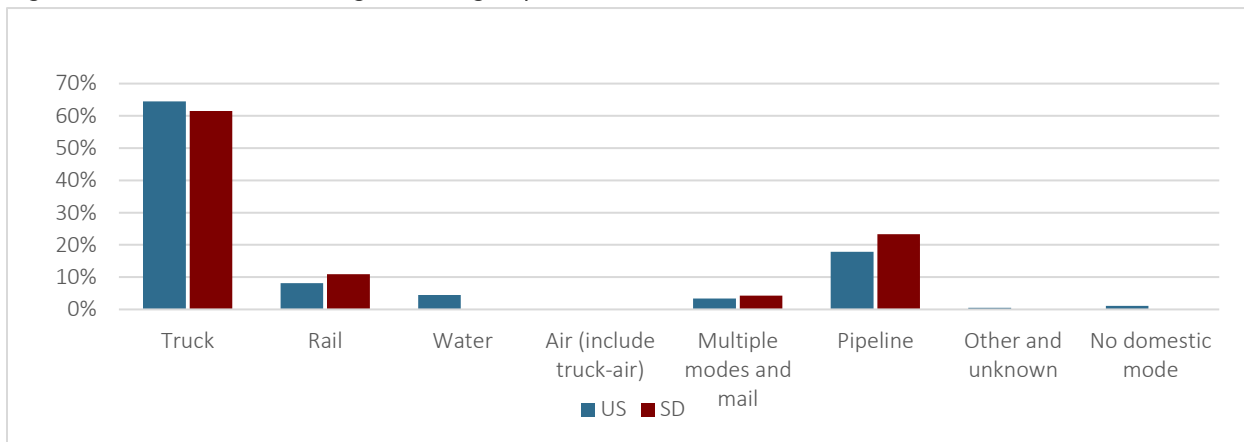
2.2.2.3 FREIGHT TRANSPORTATION BY MODE

In 2019, 19.7 billion tons of freight were shipped in the United States, of which 1.6 billion tons were shipped by rail, representing 8 percent of the total freight moved in the United States. Of that, 21.1 million tons were shipped by rail in South Dakota, representing 11 percent of South Dakota's total freight volume.

In terms of tonnage, most of South Dakota freight is shipped by truck; the remainder travels mostly by pipeline, by rail, and by multiple modes and mail. **Figure 28** illustrates the share of freight tonnage carried by mode for South Dakota and the United States in 2019, with detailed results presented in **Table 52**.

Compared to the United States overall, South Dakota carries an equal share of the total freight value shipped by truck. These results, shown in **Table 53**, reinforce the notion that heavy, bulk, low-value commodities are shipped by rail, whereas the high-value, low-weight items shipped in South Dakota are transported via truck. The total value of freight shipped through South Dakota in 2018 was \$85.6 million, of which rail transported \$4.4 million.

Figure 28: Distribution of Freight Tonnage by Mode for South Dakota and the United States, 2019



Source: FHWA FAF

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Table 52: Freight Tonnage by Mode for South Dakota and the United States, 2019

Mode	U.S. Tonnage	U.S. Percentage	SD Tonnage	SD Percentage
Truck	12,712,883	64%	118,908	62%
Rail	1,601,843	8%	21,105	11%
Water	886,676	4%	-	0%
Air	6,426	0%	6	0%
Multiple Modes and Mail	672,661	3%	8,268	4%
Pipeline	3,528,767	18%	45,034	23%
Other and Unknown	101,435	1%	7	0%
No Domestic Mode	208,641	1%	-	0%
Total	19,719,332	100%	193,328	100%

Source: FHWA FAF

Table 53: Freight Value by Mode for South Dakota and the United States, 2019

Mode	U.S. Value (Dollars)	U.S. Percentage	SD Value (Dollars)	SD Percentage
Truck	\$13,666,673	72%	\$61,813	72%
Rail	\$ 550,918	3%	\$4,458	5%
Water	\$286,148	2%	\$ -	0%
Air (include truck-air)	\$653,666	3%	\$520	1%
Multiple modes and mail	\$2,655,487	14%	\$10,598	12%
Pipeline	\$953,699	5%	\$8,210	10%
Other and unknown	\$44,927	0%	\$19	0%
No domestic mode	\$67,301	0%	-	0%
Total	\$18,878,819	100%	\$85,617	100%

Source: FHWA FAF

2.2.2.4 FREIGHT FORECAST ANALYSIS (TO 2045)

The 2019 STB Carload Waybill Sample data provided the starting point for building forecasts of future rail movements in South Dakota by direction and by commodity. To derive the 2045 movements, commodity and direction-specific growth rates derived from the FAF database were applied to the 2019 tonnage volumes from 2019 to 2045. A compound annual growth rate (CAGR) was calculated for the total rail freight movement and for each of the four movement directions.

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Table 54: Rail Freight Forecast Summary 2019-2045

Traffic Type	2019 Tonnage (in thousands)	2019 Percent	2045 Tonnage (in thousands)	2045 Percent	Compound Annual Growth Rate (CAGR - Percent)
Inbound	3,734	3.2%	2,742	1.8%	-1.2%
Outbound	12,969	11.3%	17,803	11.5%	1.2%
Intrastate	62	0.1%	74	0.0%	0.7%
Through	98,431	85.4%	134,223	86.7%	1.2%
Total	115,197	100.0%	154,841	100.0%	1.1%

Source: Calculations based on FHWA FAF growth rates and 2019 STB Carload Waybill Sample

The commodity flow forecast indicates that inbound rail freight volumes are expected to decrease by approximately 1.2 percent per year, resulting in a reduction of nearly one million gross tons per year of terminating rail freight traffic in South Dakota by 2045. This reduction is predicted because of forecasted declines in domestic coal consumption (at the time of the analysis), as coal accounted for the majority of the inbound rail freight movement in 2019.

All other directional rail freight movements are forecasted to increase steadily year over year, with the compound annual growth rate for all rail traffic predicted to be 1.1 percent per year. **Table 55** shows the projected directional breakdown by commodity for 2045.

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Table 55: Anticipated South Dakota Major Commodities by Direction, 2045 (in Thousands of Tons)

STCC	Commodity Description	Inbound	Outbound	Intrastate	Through	Total
11	Coal	277	0	0	107,212	107,489
01	Farm Products	27	10,514	61	4,508	15,110
20	Food or Kindred Products	4	3,384	0	6,377	9,764
28	Chemicals or Allied Products	1,144	3,329	8	2,735	7,216
13	Crude Petroleum, Natural Gas or Gasoline	1	0	0	4,530	4,532
29	Petroleum or Coal Products	63	143	0	2,878	3,084
32	Clay, Concrete, Glass, or Stone	425	316	0	2,047	2,789
24	Logs, Lumber, Wood Prod.	105	0	0	1,344	1,449
14	Nonmetallic Minerals	286	6	0	1,076	1,368
37	Transportation Equipment	146	57	5	388	595
33	Primary Metal Products	117	0	0	390	507
26	Pulp, Paper, or Allied Products	113	0	0	193	306
40	Waste or Scrap Materials	33	54	0	177	265
46	Misc. Mixed Shipments	0	0	0	153	153
35	Machinery	0	0	0	103	103
	<i>All Other Commodities</i>	0	0	0	111	111
Total		2,742	17,803	74	134,223	154,841

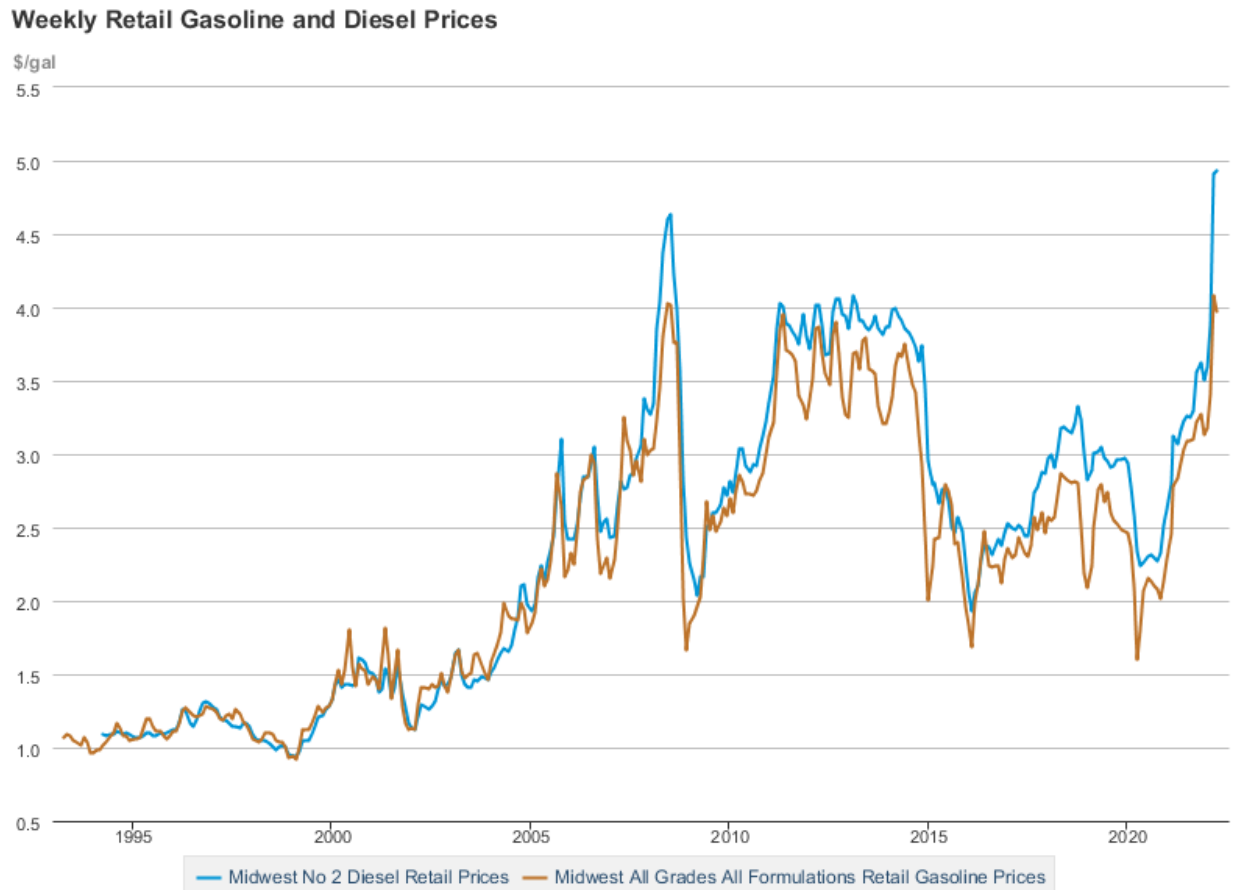
Source: Calculations based on FHWA FAF growth rates and 2019 STB Carload Waybill Sample

The forecast indicates no significant change in the composition of commodities moved by rail, with the largest volumes expected to continue to be coal passing through South Dakota and farm products originating in South Dakota.

2.2.3 FUEL COST TRENDS

Trends in fuel prices (gasoline and diesel) over previous years are shown in **Figure 29** below. In 2022, fuel prices have reached an all-time high due to market forces. Higher fuel costs tend to increase the cost of trucking more so than the cost of shipping by rail. As a result, rail may become a more attractive shipping option for many shippers if fuel costs remain elevated over a long period.

Figure 29: Weekly Retail Gasoline and Diesel Prices, 1995 to 2022



Source: U.S. Energy Information Administration

2.2.4 RAIL CONGESTION TRENDS

Rail congestion affects South Dakota rail traffic at the network level more so than on individual lines within the state itself. Shippers have reported that congestion tends to occur at major terminals in neighboring states and on higher-volume principal main line routes that link South Dakota to major destinations for grain shipments.

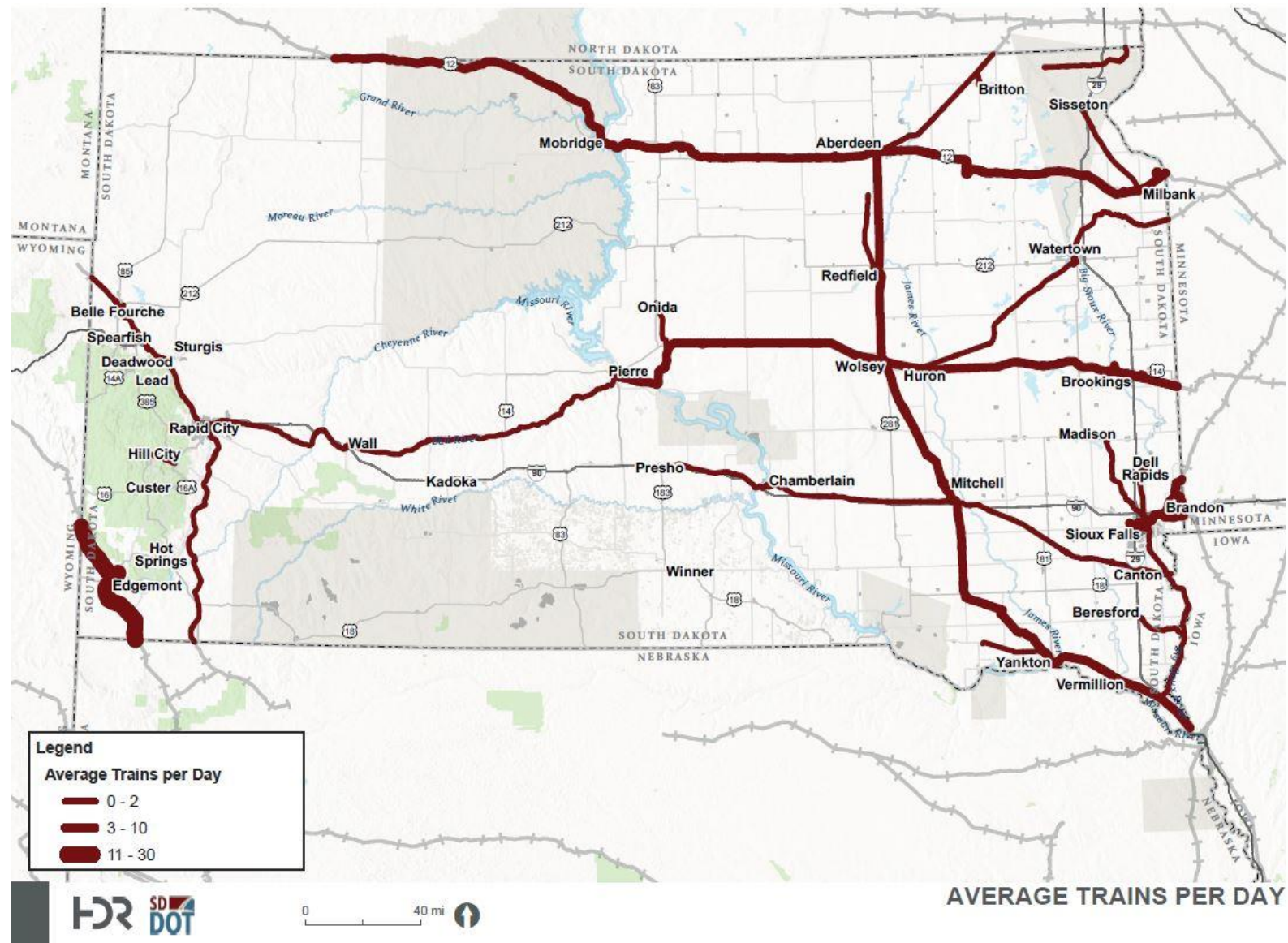
A planning level evaluation to assess existing rail capacity and the potential level of congestion of rail lines in South Dakota was not conducted during the development of the South Dakota State Rail Plan. Projects that address existing bottlenecks and rail capacity issues are described in **Chapter 4** and **Chapter 5**.

Figure 30 shows the average number of trains per day by rail line in South Dakota.

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Figure 30: Average Trains per Day by Line Segment



2.2.5 HIGHWAY AND AIRPORT CONGESTION TRENDS

South Dakota does not currently face significant highway or airport congestion challenges affecting intercity freight and passenger movement. This section provides an overview of current highway and air traffic volumes.

According to the U.S. Bureau of Transportation Statistics (BTS), the largest purpose for travel is family/personal business, followed by social/recreational activities, work, and school or church.⁵¹ The average person in South Dakota travels 46.5 miles per day and makes about three or four individual one-way trips throughout the day between activities.

HIGHWAYS

According to the South Dakota LRTP, South Dakota has 81,969 miles of state, county, and local roadways. The State generally has jurisdiction over the highways that move traffic longer distances between states, counties, townships, and municipalities. Townships and municipalities are generally responsible for local road networks. Counties, in turn, are responsible for their system connecting the State Trunk Highway system with local roads.

- State Highways
 - 7,794 miles of interstate and State highways handle 68 percent of vehicle miles traveled (VMT)
 - The State owns and maintains 9.5 percent of the total road network
 - The system includes 1,807 State-owned structures (1,275 bridges/532 culverts)
 - The annual VMT on State and interstate highways was 6.7 billion miles in 2019
- Local Road Network
 - 73,904 miles of county roads, township roads, tribal roads, U.S. Bureau of Indian Affairs (BIA) roads, and municipal streets that handle 32 percent of the state's VMT. Of the Local Road Network, BIA and tribal roads comprise approximately 1,367 and 187 miles, respectively
 - There are 4,004 structures (3,268 bridges/736 culverts) on the county and municipal streets
 - The annual VMT on the local roads was 3.15 billion miles traveled in 2019

The annual VMT on all roads in South Dakota in 2019 was 9.9 billion miles.

South Dakota has minimal recurring congestion on the state's highways. However, winter weather can have a large impact on travel time reliability due to the reduced speeds or road closures. For this reason, snow and ice removal is a major focus of the SDDOT's maintenance forces.

⁵¹ Bureau of Transportation Statistics, South Dakota Transportation by the Numbers, 2020. Retrieved from: https://www.bts.dot.gov/sites/bts.dot.gov/files/states2020/South_Dakota.pdf

AIRPORTS

South Dakota has five active commercial service airports. These airports are served by regional airlines that provide feeder service to major international airports in neighboring states, such as Minneapolis-Saint Paul International Airport (MSP) in Minnesota and Denver International Airport (DEN) in Colorado. South Dakota's commercial air service primarily exists for the convenience of the traveling public, but some freight and mail are hauled on commercial flights as well. Joe Foss Field airport in Sioux Falls handles nearly all of the state's air freight tonnage. **Table 56** below shows commercial airline traffic statistics for South Dakota's commercial service airports in 2019.

Table 56: Commercial Airline Traffic by Airport (2019)

City	Airport	Code	Passengers	Freight Tons	Mail Tons
Sioux Falls	Joe Foss Field	FSD	515,606	25,140	2
Rapid City	Rapid City Regional	RAP	303,431	381	0
Aberdeen	Aberdeen Regional	ABR	29,5482	80	0
Pierre	Pierre Municipal	PIR	14,518	65	0
Watertown	Watertown Municipal	ATY	11,681	0	0
Total	-	-	874,784	25,666	2

Source: Bureau of Transportation Statistics, U.S. Airline Traffic by Airport

Three of South Dakota's commercial service airports (Aberdeen, Pierre, and Watertown) are Essential Air Service (EAS) communities. The EAS program is intended to provide reliable commercial air service to more isolated, rural communities throughout the U.S. by providing subsidies to airlines that serve them through a competitive bid process.

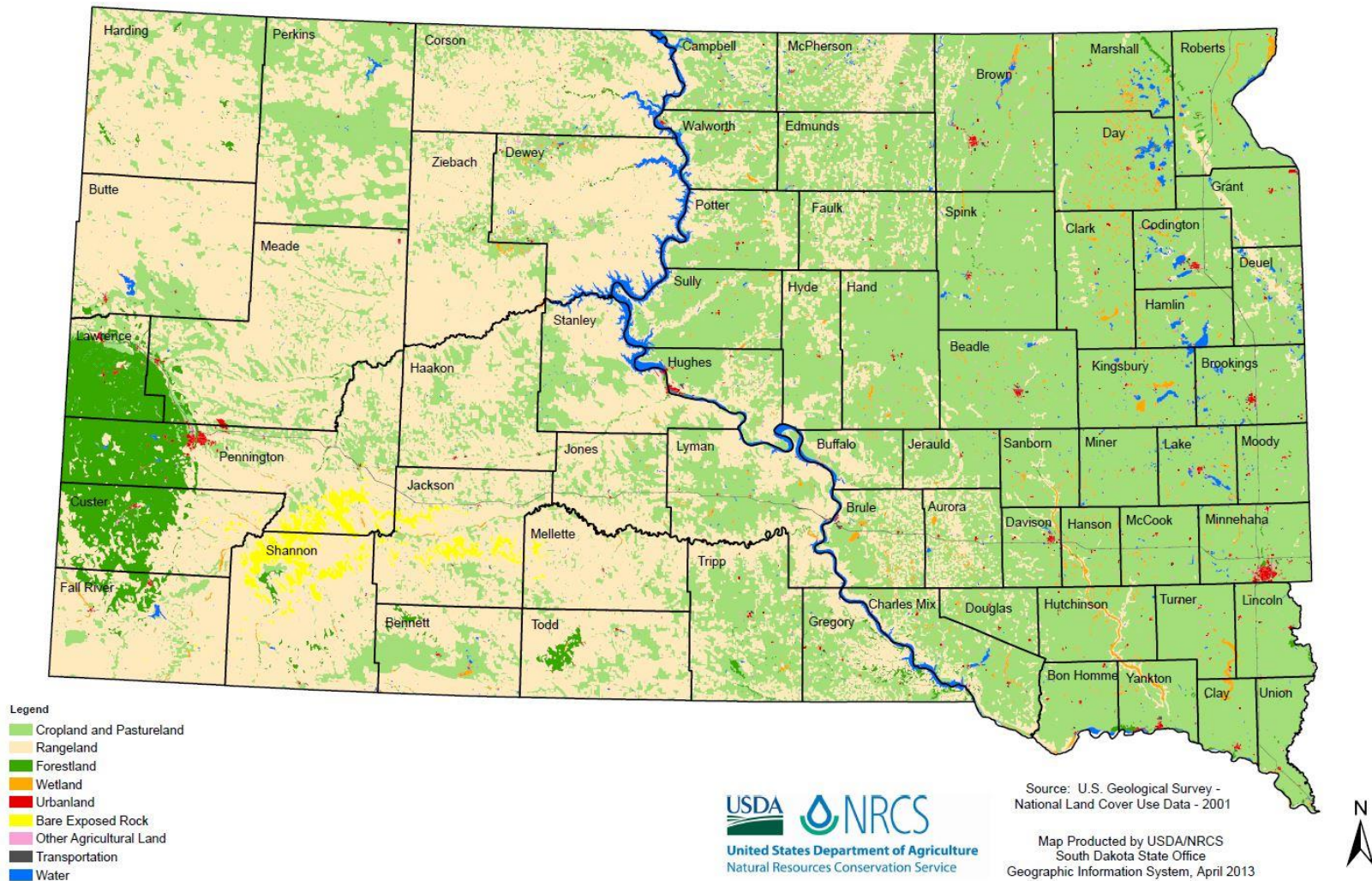
2.2.6 LAND USE TRENDS

The majority of South Dakota's land is rural, with the balance of the land in the state used for cropland, pastureland, and rangeland. This land use distribution is the primary driver of South Dakota's outbound freight volumes, consisting mainly of agricultural products. Required agricultural inputs, such as fertilizers, also contribute to freight rail demand. **Figure 31** shows South Dakota's land use and land cover.

While urbanized areas in South Dakota are relatively few in number and are widely dispersed, these areas (such as Sioux Falls, Brookings, Huron, Watertown, Aberdeen, Pierre, and Rapid City) concentrate demand for other types of freight, including consumer goods, energy products, manufacturing inputs, and construction materials.

As a result of net population in-migration, many of South Dakota's cities are currently expanding their footprints. Suburban growth and urban revitalization are both driving demand for construction materials around the state.

Figure 31: South Dakota Land Use and Land Cover



Source: U.S. Department of Agriculture - Natural Resources Conservation Service

2.3 RAIL SERVICE NEEDS AND OPPORTUNITIES

2.3.1 FREIGHT RAIL NEEDS AND OPPORTUNITIES

Based on the findings of the previous analysis, this section identifies the key issues, service gaps, and improvement needs facing South Dakota's rail system. Opportunities to address those issues and needs for freight rail act as the rationale and basis for the rail improvements documented in **Chapter 4**, with an emphasis on adapting the network to projected shifts in the nature and type of freight movements and emerging markets over the coming years.

2.3.1.1 RAILROAD CORRIDOR DEVELOPMENT TRENDS

MONTANA RAIL LINK

The top destination for South Dakota-originating freight is Washington. Freight movements from South Dakota to Washington primarily travel westward out of the state via the BNSF Mobridge Subdivision, through southern North Dakota and southern Montana towards Washington.

A portion of this rail line between Huntley, Montana, and Sandpoint, Idaho, has been leased by BNSF to Class II carrier Montana Rail Link (MRL) since 1987. MRL is a unit of The Washington Companies and is headquartered in Missoula, Montana. MRL provides local freight service as well as haulage for BNSF traffic.

In 2022, it was announced that BNSF and MRL would terminate the lease agreement and revert control and operation of the line to BNSF.⁵² While this transaction must first be approved by the STB before it can take effect, this change would provide BNSF the opportunity to make significant investments to increase the capacity of this corridor in the future. These capacity improvements would directly benefit the South Dakota rail shippers, including those in the agricultural sector, who rely on consistent, timely, and reliable rail service to and from the Pacific Northwest during harvest season to make their crops available for overseas export.

BNSF CORRIDORS OF COMMERCE

BNSF has designated the Willmar, Minnesota, to Lincoln, Nebraska, route as part of its "MidCon" Corridor. This route passes through Garretson, South Dakota, along the BNSF Marshall Subdivision. The Midcon Corridor exists as a central Midwest north-south artery to move key grain and energy commodities from Canada and the Upper Midwest to Texas and the Gulf Coast for refining, consumption, or export.

⁵² Railway Age, MRL Rails Returning to BNSF (Updated), January 11, 2022. Retrieved from: <https://www.railwayage.com/news/mrl-rails-returning-to-bnsf/>

BNSF has invested significant resources in upgrading the MidCon Corridor over the past decade, including the construction of new or extended meet and pass sidings, the installation of RCPS technology at key siding locations, and the implementation of PTC.

Freight originating in South Dakota destined for Texas and the Gulf Coast Region depends on the MidCon Corridor to reach these key markets. Much of this traffic joins the MidCon at Sioux City, Iowa, via the BNSF Aberdeen Subdivision, where it continues south via the BNSF Sioux City Subdivision to Lincoln, Nebraska.

Owing to complex rail yard operations and limited interchange capacity, the Greater Sioux City Area has been identified by multiple South Dakota stakeholders as a significant bottleneck affecting freight velocity and throughput. Opportunities to help alleviate terminal congestion and improve interchange between carriers should be explored further in future studies.

CORRIDOR-FOCUSED HIGHWAY-RAIL GRADE CROSSING SAFETY UPGRADES

Railroad stakeholders have identified the opportunity to partner with local roadway authorities to implement highway-rail grade crossing safety upgrades in a systematic fashion across designated corridors of varying length. These systematic programs may be focused within a single city, county, or along a specific railroad subdivision or group of subdivisions where planning and mobilization efforts can be concentrated to maximize economies of scale.

CANADIAN PACIFIC RAILWAY – KANSAS CITY SOUTHERN RAILWAY MERGER

In 2021, Canadian Pacific Railway Limited (CP) and Kansas City Southern (KCS) – two North American Class I railroad carriers – entered into a merger agreement whereby CP would acquire KCS. The merger is subject to review and approval by the STB. If approved, the combined railroad would form an end-to-end connection linking Canada, the United States, and Mexico.

As a result of the potential merger, South Dakota rail shipments originating or terminating on the CP network or interchanged to or from CP at intermediate locations would now have increased access to or from points along the KCS network, including the Gulf Coast region of the U.S. and parts of Mexico.

2.3.1.2 FACTORS DRIVING CORRIDOR DEVELOPMENT

DEMAND FOR GRAIN

There is a marked opportunity for continued development of grain handling facilities for corn, soybeans, and wheat, particularly in the West River Region where agricultural production is continuing to expand as a result of improvements in soil management techniques and plant genetics.

According to the United States Department of Agriculture (USDA) Foreign Agricultural Service (FAS), global wheat consumption in 2022 is projected at 788 million tons, while production is estimated at 775

million tons.⁵³ This production shortfall will translate into heightened demand. The U.S. is forecasted to have a larger wheat crop in 2022 than in 2021, which helps to offset production losses or supply chain issues in other regions of the world, such as Ukraine as a result of the Russo-Ukrainian War in 2022.

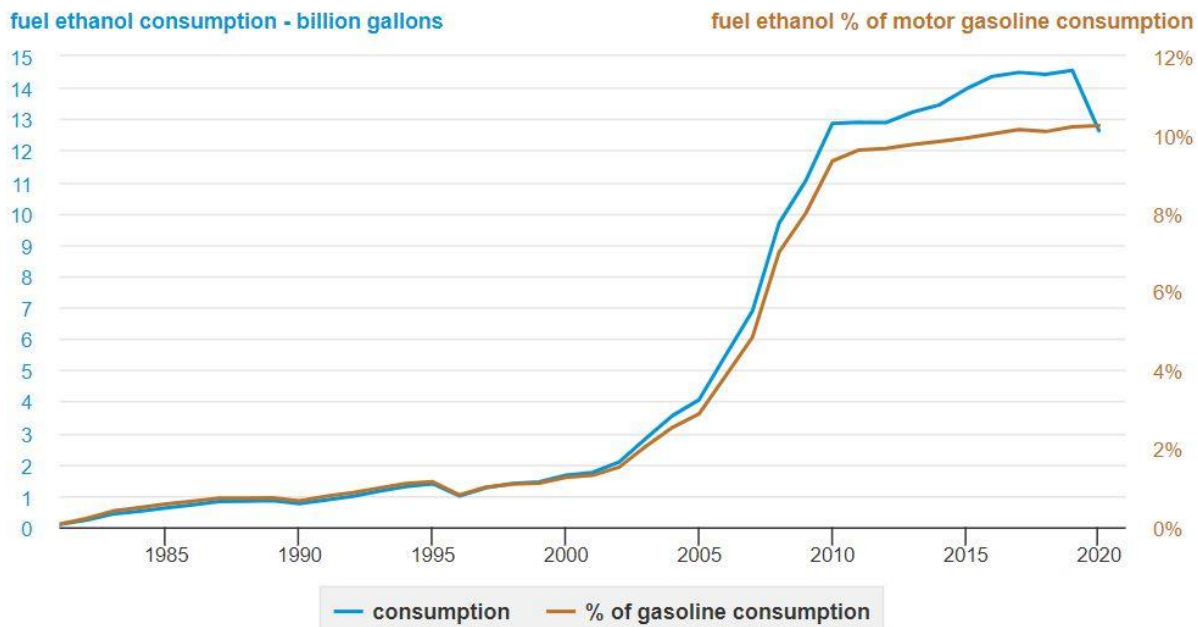
Grain produced in South Dakota depends on the national rail network beyond state borders to reach domestic and foreign consumer markets. The majority of corn and soybeans shipped by rail tend to flow towards coastal export terminals.

DEMAND FOR ETHANOL

Ethanol is the most common fuel additive in the U.S. and is being promoted as a lower-cost way to stretch higher-value gasoline supplies. Most gasoline sold in the U.S. contains some ethanol, though the ethanol content of motor gasoline generally does not exceed 10 to 15 percent by volume (labeled as E-10 to E-15) unless it is specifically marketed for vehicles with flex-fuel capability, which can handle blends of up to 85 percent ethanol (labeled as E-85).

As shown in **Figure 32**, fuel ethanol consumption in the U.S. has grown from 2 million gallons in 1981 to around 13.9 billion gallons in 2021.⁵⁴

Figure 32: U.S. Fuel Ethanol Consumption, 1981-2021



Source: U.S. Energy Information Administration

⁵³ United States Department of Agriculture Foreign Agricultural Service, Grain: World Markets and Trade, May 2022. Retrieved from: <https://apps.fas.usda.gov/psdonline/circulars/grain.pdf>

⁵⁴ U.S. Energy Information Administration, Biofuels Explained – Ethanol. Retrieved from: <https://www.eia.gov/energyexplained/biofuels/use-and-supply-of-ethanol.php>

Domestic production of ethanol is largely concentrated in the Midwest where corn feedstocks are widely available. As of 2021, the U.S. had a fuel ethanol production capacity of 17.5 billion gallons, making the U.S. a net exporter of ethanol.

In 2019, South Dakota produced 28.8 million barrels of ethanol, representing 7.6 percent of total United States ethanol production that year.⁵⁵ South Dakota is the fifth largest ethanol-producing state in the United States after Iowa, Nebraska, Illinois, and Minnesota, respectively.

Rail shippers and industry organizations that participated in the development of this State Rail Plan noted that ethanol production depends on timely arrival and departure of railcars. If empty railcars do not arrive to take away ethanol and byproducts, production must be halted until railcars can be delivered and loaded. Thus, rail network congestion and operational delays are not easily tolerated by the bioprocessing industry, and this points to a need to ensure Class I network fluidity, and interchange fluidity, as well as train crew and locomotive availability.

2.3.2 PASSENGER RAIL NEEDS AND OPPORTUNITIES

There is currently no intercity or commuter passenger rail service in South Dakota. The development of such service will be subject to future detailed planning efforts. Opportunities exist for passenger rail to contribute to seasonal tourist travel to the Black Hills of South Dakota and to meet other long-distance intercity travel demand to connect rural areas with nearby major metropolitan areas, such as between Sioux Falls and the Twin Cities. Additional context regarding passenger rail studies and service development planning at the regional and national level is provided in **Chapter 3**.

Funding has been made available through the IIJA for passenger rail planning efforts. The Interstate Compact Program defined in Section 22306 of the IIJA establishes a new competitive grant program to fund entities that wish to implement interstate rail compacts that are intended to plan, design, and advance new passenger rail services. The Corridor Identification and Development Program defined in Section 22308 of the IIJA will provide funding for carrying out detailed studies to identify capital projects needed for the development of new routes, enhancing service on existing routes, or restoring routes that were previously discontinued.

⁵⁵ Ibid.

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CHAPTER 3: PASSENGER RAIL IMPROVEMENTS AND INVESTMENTS

INTRODUCTION

South Dakota does not currently have intercity passenger rail or commuter rail service. In lieu of analysis of existing passenger service operations, this chapter identifies potential future intercity passenger rail investments based on active plans and initiatives being undertaken at the regional, state, and local level as well as potential opportunities identified during outreach with stakeholders. This chapter includes a discussion of the existing frameworks under which intercity passenger rail services have been expanded or introduced, and their applicability to any future South Dakota services.

South Dakota's participation and inclusion in multi-state regional passenger rail efforts is also discussed, such as the Midwest Interstate Passenger Rail Commission activities and FRA's Midwest Regional Rail Planning Study.

3.1 LEGISLATIVE CONTEXT

3.1.1 PASSENGER RAIL IMPROVEMENT AND INVESTMENT ACT

The passage of the Passenger Rail Investment and Improvement Act (PRIIA) in 2008 had multiple effects on the operation and expansion of regional passenger rail systems. PRIIA Section 209 mandated changes to Amtrak's cost accounting and how costs are shared with states for their state-sponsored trains.

Per PRIIA Section 209, passenger rail services 750 miles or less in length operated by Amtrak must be state-supported.⁵⁶ The operations and maintenance costs associated with state-supported routes not covered by farebox revenue from ticket sales must be funded by the state or by a coalition of states that requested the service. By contrast, operating costs associated with long-distance Amtrak routes in excess of 750 miles are funded directly by Congress through routine budget authorizations. However, no new long-distance Amtrak routes have been established in over 20 years. PRIIA defined the Amtrak long-distance network as those routes that were in operation at the time the legislation was drafted. The creation of new long-distance routes using the same funding structure as the existing long-distance routes would require additional legislation to amend the prior funding limitations imposed by PRIIA.

3.1.2 INFRASTRUCTURE INVESTMENT AND JOBS ACT

The Infrastructure Investment and Jobs Act of 2021 (IIJA), also known as the Bipartisan Infrastructure Law (BIL), was signed into law on November 15, 2021. The IIJA is a comprehensive legislative package

⁵⁶ U.S. Department of Transportation, The Implementation of the Passenger Rail Investment and Improvement Act of 2008, March 11, 2011. Retrieved from: <https://www.transportation.gov/testimony/implementation-passenger-rail-investment-and-improvement-act-2008>

establishing more than \$1.2 trillion in infrastructure investments and establishing significant programs and policies to guide the development of infrastructure improvements.

Specific to intercity passenger rail, Section 22214 of the IIJA establishes a new Amtrak Daily Long-Distance Service Study, which directs the USDOT to conduct a study to evaluate the restoration of daily intercity rail passenger service along any Amtrak long-distance routes that had been previously discontinued at any point since Amtrak's initial formation in 1971.

Further, Section 22308 of the IIJA establishes the Corridor Identification and Development Program, which requires the USDOT to start a program that will improve and expand intercity passenger rail corridors. States with corridors selected for further study would prepare a service development plan for each corridor outlining the capital projects that would be needed to establish or enhance the service.

The identification of new corridors for study under the Corridor Identification and Development Program has the potential to introduce opportunities for South Dakota to consider the development of new passenger rail services. South Dakota does not at this time intend to submit a proposal to the FRA for any new service under the Corridor Identification Study framework, and anticipates that any State role will be limited to coordination with other eligible applicant proposals should they emerge.

3.2 AMTRAK PASSENGER RAIL PLANNING EFFORTS

3.2.1 NORTH COAST HIAWATHA ROUTE PASSENGER RAIL STUDY⁵⁷

Section 224 of PRIIA mandated that Amtrak undertake a series of studies regarding the improvement and expansion of intercity passenger-rail service nationwide. Two former Amtrak routes were studied for reinstatement: the *North Coast Hiawatha* and the *Pioneer*.

From this effort came the *North Coast Hiawatha Route Passenger Rail Study*, released in 2009, which explored resuming Amtrak's *North Coast Hiawatha* service between Chicago and Seattle, passing through the southern tier of North Dakota. While the route was not proposed to pass through South Dakota, it would bring intercity passenger rail service closer to the state's borders.

As part of the planning effort, Amtrak consulted with host railroads to identify an initial set of infrastructure improvements needed to support the reinstatement of daily *North Coast Hiawatha* service on CP, BNSF, and MRL-owned tracks between Chicago and Seattle. These improvements would enable the passenger train to maintain its schedule while minimizing conflicts with and delays to CP, BNSF, and MRL freight trains. The Amtrak study identified the potential service and routing options for the reinstated *North Coast Hiawatha*, with preliminary estimates of ridership, capital costs, and operating costs.

⁵⁷ Amtrak, *North Coast Hiawatha Passenger Rail Study*, October 16, 2009. Retrieved from: https://nrvrc.org/nrvpassengerrailstudy/resources/research/national/Amtrak_North_Coast_Hiawatha_Study.pdf

Amtrak noted in the study that reinstating the *North Coast Hiawatha* could provide public benefits, but because the route was not a component of the federally designated high-speed-rail (HSR) corridor network, one or more state governments along the train's route would need to apply or co-apply for federal American Recovery and Reinvestment Act (ARRA) funds for the capital needed to initiate the new service, as well as seek out additional federal and state funding sources to cover ongoing operating and maintenance costs. Amtrak stated in the study that although PRIIA recognizes the importance of Amtrak's existing long-distance routes, it does not provide funding for capital or operating expenses associated with expanding service beyond existing 2008 levels.

Since the release of the study, considerable support has been voiced by state and local governments and riders for resuming passenger service over the historic route, particularly in southern Montana and throughout the "Greater Northwest" Region. However, funding and a potential service implementation schedule have not been identified, and operating agreements with Amtrak and host railroads CP, BNSF, and MRL have not been secured for the return of Amtrak long-distance service along this route.

3.2.2 AMTRAK FIVE-YEAR STRATEGIC PLANS⁵⁸

Each year, Amtrak releases a five-year strategic plan to satisfy requirements under Section 11203(b) of the FAST Act. In May 2021, Amtrak released its FY 2021 "Five Year Line Plans," which outline strategic five-year initiatives for each service line and asset line between FY 2021 and FY 2026. These plans do not identify initiatives for individual trains but focus on overall improvements that benefit particular types of services, including long-distance trains and state-supported regional trains, regardless of location.

Amtrak's five-year plan does not identify the establishment of new long-distance routes as a strategy or initiative. It does, however, support the introduction and expansion of regional, state-supported passenger rail corridors of up to 750 miles in length. The plan also lists the following overall improvement strategies for the Long-distance Service Line, which includes the services provided in neighboring states by the *Empire Builder* and *California Zephyr*:

- Sustain the company by restoring full-service to all long-distance routes in 2021, after reducing frequencies in 2020 to reflect greatly reduced demand resulting from the COVID-19 pandemic.
- Gain new customers through informational campaigns and technology advancements that emphasize the benefits of private sleeping compartments as an accommodation that offers customer space, privacy, and comfort; improve features on the Amtrak.com website and Amtrak app to enhance fare finding, search results, checkout processes, and other features for users; present seven-day calendars of available fares for app and website users planning trips, to

⁵⁸ Amtrak, Five-Year Service and Asset Line Plans Fiscal Years 2021-2026. Retrieved from: <https://www.amtrak.com/content/dam/projects/dotcom/english/public/documents/corporate/businessplanning/Amtrak-Service-Line-Asset-Line-Plans-FY21-26.pdf>

improve the way in which long-distance customers can find available travel dates on trains operating less than daily.

- Build for the future by reimagining how traditional onboard dining is provided to both private room and coach customers and launch a refurbishment program for Superliner and Viewliner I car interiors that includes providing new cushions and upholstery coverings, carpets, curtains, and light coverings, along with deep cleanings of coaches, dining cars, and sleeping cars.

In its strategic plan, Amtrak identified the following initiatives for FY 2021 – FY 2026 to support the Long-Distance Service Line strategies listed above:

- **Fleet Planning and Acquisition:** Acquire new locomotives and passenger cars to:
 - Offer modernized equipment and amenities to match updated service models and improve customer satisfaction;
 - Redesign train to match passenger demand, create operating efficiencies, and reduce capital needs;
 - Reduce car and locomotive maintenance and turnaround costs;
 - Reduce engine and car-related mechanical delays to improve on-time performance; and,
 - Reduce fuel consumption and greenhouse gas emissions.
- **Address Reliability and On-Time Performance:** Continue to use a data-driven approach and work with host railroads to understand the causes of host railroad and Amtrak responsible delays, opportunities to mitigate them, and the actions required to improve OTP. Amtrak is also proposing enhanced authority to enforce existing laws giving Amtrak trains preference over freight transportation.
- **Experiential Service Model:** Develop a strategy for trains that operate over two nights to establish a more contemporary model and attract an expanded ridership. The strategy includes redesigning sleeper cars, reconfiguring seating in dining and lounge areas, updating menus, and providing specialized staff training.
- **New Food Service Model:** Continue to develop and enhance meal offerings that deliver customer satisfaction at reduced operating costs and complete the roll-out of a food and beverage point-of-sale system with improved features.

3.2.3 AMTRAK CONNECTS US VISION PLAN⁵⁹

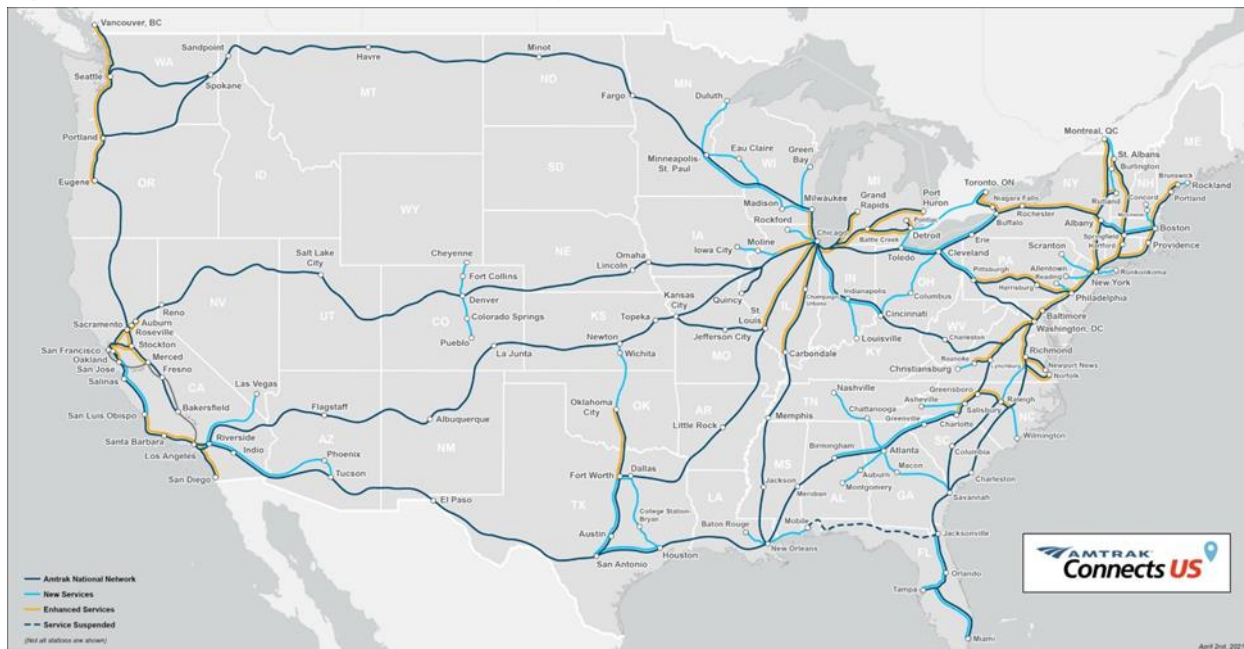
On March 31, 2021, Amtrak released a vision plan, called “Amtrak Connects US,” that identified locations where new corridors and enhanced service on existing routes could be developed in conjunction with state partners by 2035. (In accordance with Section 209 of PRIIA, the operating losses of an Amtrak corridor service on routes of 750 miles or less must be covered through a combination of farebox

⁵⁹ Amtrak Connects Us - Amtrak Media. Retrieved from: <https://media.amtrak.com/amtrak-connects-us/>

revenues and state financial contributions. Long-distance trains, by contrast, serve routes that are more than 750 miles in length and are funded by Amtrak as part of its national network.)

The vision is centered on developing and enhancing intercity passenger rail corridors several hundred miles long located within or between regions of the United States that are expected to experience significant population growth. Amtrak's vision plan would add intercity passenger rail service on up to 30 potential new routes, expand service on more than 20 existing routes, introduce passenger rail service in up to 160 communities in 15 states, and attract 20 million additional riders beyond the 32 million passengers that rode Amtrak trains in FY 2019. **Figure 33** shows the candidate routes targeted for potential improvement or an introduction of service under Amtrak's plan.

Figure 33: Amtrak Connects US Vision Plan Proposed Route Extensions



Source: Amtrak

No new or enhanced services in South Dakota are currently identified on the map. However, the corridors shown represent an initial view of where Amtrak believes intercity passenger rail could be expanded in the coming years. It is not a final proposal, nor does it include a prioritization plan or implementation timeline. As Amtrak continues its coordination efforts with federal, state, host railroad, and supply industry partners, the corridors that will be advanced for implementation likely could change.

The Amtrak Connects US vision plan depends on funding from Congress. The IIJA includes \$66 billion in new passenger rail funding, of which \$22 billion is authorized to Amtrak for activities associated with the Northeast Corridor and the National Network and \$36 billion is authorized to USDOT's Federal-State Partnership for Intercity Passenger Rail grant program to upgrade, expand, or establish new state-

supported and long-distance intercity passenger rail services.⁶⁰ The plan also depends on a commitment from the state partners that ultimately would be responsible for providing the annual operating support to maintain the proposed new and expanded regional passenger rail services in the long term.

3.3 REGIONAL AND MULTI-STATE PASSENGER RAIL PLANNING EFFORTS

3.3.1 MIDWEST REGIONAL RAIL PLANNING STUDY⁶¹

The MWRRP is a multi-state intercity passenger rail network planning study led by the FRA, in partnership with stakeholders from across the Midwest region. The MWRRP sets forth a strategic long-term vision for passenger rail in the Midwest, addressing topics including potential network configuration, service levels, financing, and governance. This study builds on established rail initiatives as well as other ongoing state planning efforts and is intended to support existing plans.

The Midwest is a large and economically robust region located at the geographic crossroads of North America. The rail network in the Midwest is dense and provides numerous potential existing route options for future passenger rail corridors. The MWRRP evaluated developing rail plans within the context of this regional outlook, which included a current network of passenger, commuter, and freight rail systems.

FRA's regional rail plan framework identifies the potential for a long-term visioning process to create multi-state intercity passenger rail networks. A regional rail plan study process analyzes existing conditions, estimated future travel demand, and the potential role of passenger rail service within a broader multimodal transportation context.

Most federal and state passenger rail planning activities have historically focused on either individual corridors connecting major cities or comprehensive rail planning within individual state boundaries. However, the MWRRP demonstrates that there are several benefits to developing rail plans within the context of a broader region, including:

- Improved integration of rail projects with other transportation mode;
- Greater involvement by stakeholders and consensus building;
- Minimization of potential conflicts between the development of individual corridors in a region;
- Identification of priorities that support both the logical sequencing of developing networks and the efficient use of limited funding; and,
- More cost-effective investments.

⁶⁰ *Bipartisan Infrastructure Investment and Jobs Act Summary*. Retrieved from:

<https://www.cantwell.senate.gov/imo/media/doc/Infrastructure%20Investment%20and%20Jobs%20Act%20-%20Section%20by%20Section%20Summary.pdf>

⁶¹ Federal Railroad Administration, *Midwest Regional Rail Plan*, October 2021. Retrieved from:

<https://railroads.dot.gov/sites/fra.dot.gov/files/2021-10/Final%20Report-MWRRP%20with%20Appendices%20PDFa.pdf>

Consistent with the sketch-level network planning that is undertaken in developing regional rail plans, the conclusions presented in these plans are limited to those that can be reasonably supported by that relatively high level of analysis. As such, regional rail plans focus primarily on ruling out those options for a region's future intercity passenger rail network that the analysis demonstrates would be particularly disadvantageous, and only presents more precise conclusions where they can be reasonably supported by that analysis.

In keeping with these objectives, the network planning undertaken in developing regional rail plans focuses on the following goals:

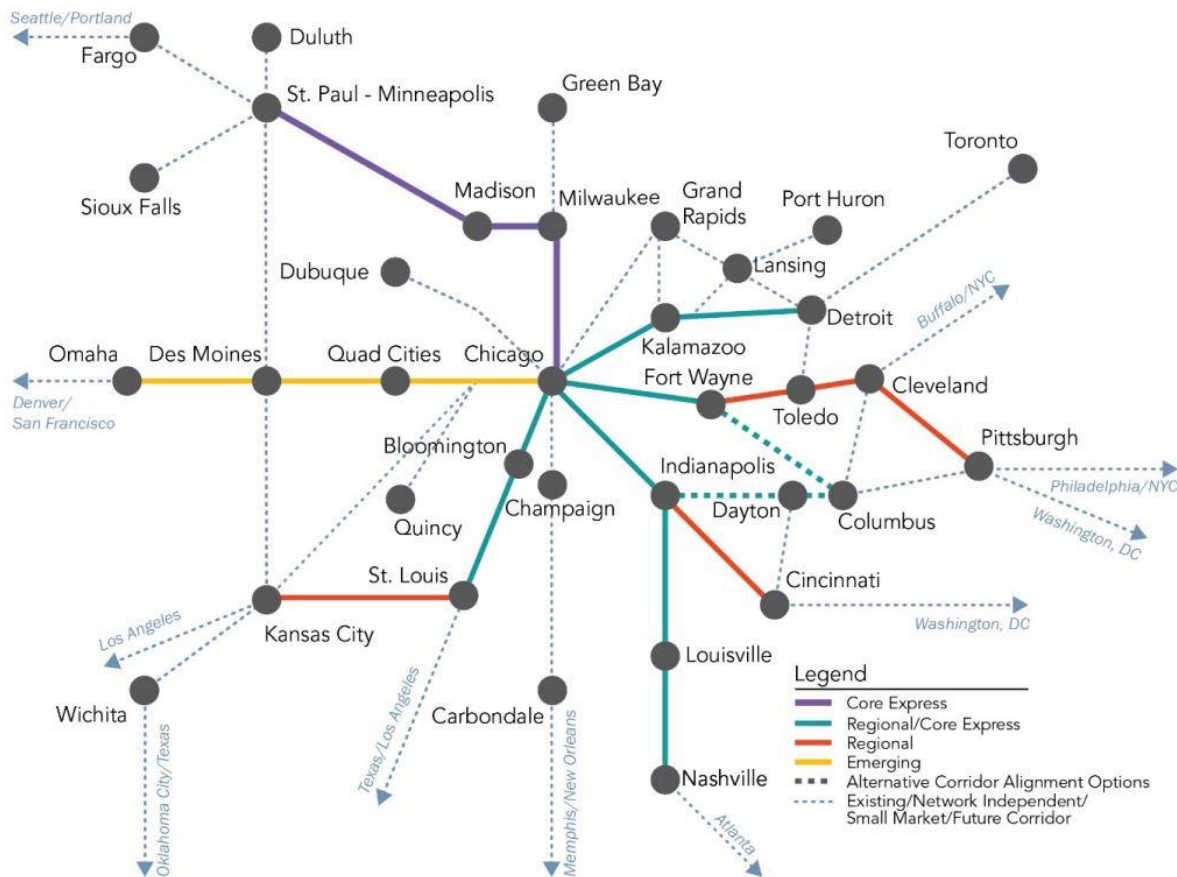
- Define the corridors within the future regional network in terms of the geographic markets the analysis shows must be served for the corridor to fulfill its full potential (i.e., the “corridor-defining markets”)
- Define the appropriate level(s) of service on each corridor in terms of generalized categories reflecting sets general service characteristics (i.e., “service tier”)
- Likewise, regional rail plans are not intended to result in more detailed conclusions of the type that cannot be supported by a sketch planning analysis. As such, regional rail plans do not:
 - Define the specific alignment or rights-of-way (including existing or abandoned rail lines) that would be traversed by each corridor
 - Define the specific intermediate geographic markets (i.e., those beyond the “corridor-defining markets”) that would be served by each corridor
 - Define the specific service characteristics (e.g., frequency, trip times, fares, train capacity, etc.) for each corridor

The study established three “service tiers” to define the types of service frequencies, service characteristics, and infrastructure levels proposed for each corridor. The service tiers can be summarized as follows:

- **Core Express:** Core express service would operate on corridors serving major metropolitan centers. Trains would operate under electric power on dedicated tracks except in terminal areas at speeds of 125 mph or higher, with frequent service provided.
- **Regional:** Regional services would operate on corridors connecting mid-size urban areas with each other or with larger metropolitan areas. Trains could operate under electric or diesel power, using both dedicated and shared tracks, at speeds between 90 and 125 mph, with frequent service provided.
- **Emerging:** Emerging services would operate on corridors connecting mid-sized and smaller urban areas with each other or with larger metropolitan areas. Trains would operate on shared tracks at speeds of up to 90 mph.

While the regional rail planning network analysis necessarily makes certain assumptions regarding these more specific network characteristics in order to allow for the generation of useful outputs, these assumptions are intended to be “illustrative” or “representative,” rather than recommendations for a precise set of network characteristics. **Figure 34** shows the conceptual network identified by the study.

Figure 34: Midwest Regional Passenger Rail Conceptual Network Map



Source: Midwest Regional Rail Plan (2021)

The 12 states located in the Midwest encompass over 820,000 square miles and include Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. Complementary jurisdictions from some bordering states and Canada were also included in analyses for key markets that were within 500 miles of Chicago.

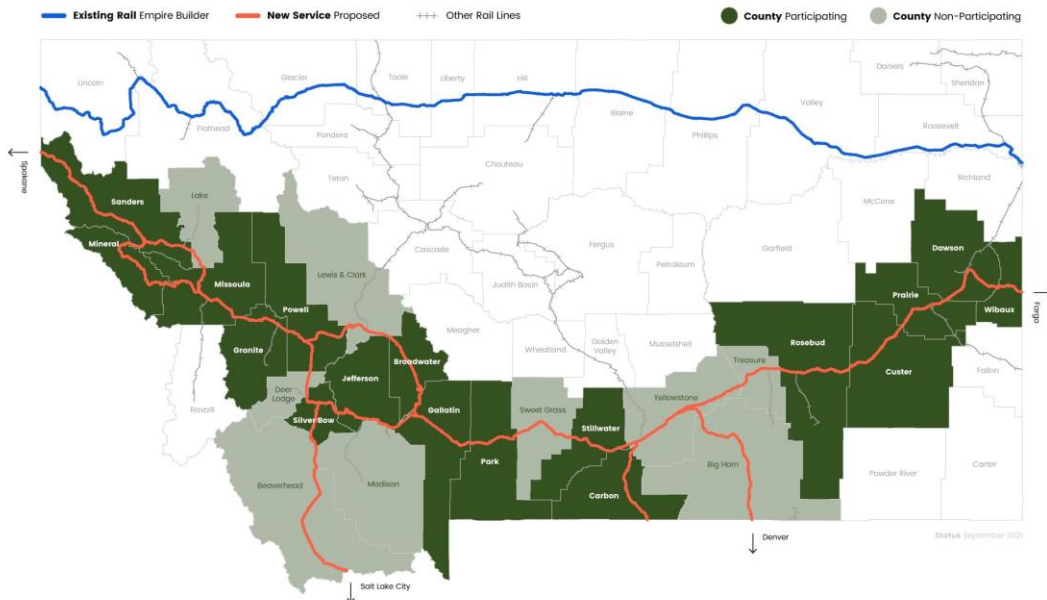
The plan identified a corridor linking St. Paul-Minneapolis, Minnesota, with Sioux Falls as a potential future independent or small market corridor but not yet warranting core express, regional, or emerging network service operated through a multistate compact.

3.3.2 MONTANA BIG SKY PASSENGER RAIL AUTHORITY

Efforts to the west of South Dakota are underway to establish intercity passenger rail service in Montana. In July 2020, several Montana counties began laying the groundwork to establish the Big Sky Passenger Rail Authority (BSPRA), which would be a regional rail authority with a governance structure to study, seek, or accept funding for, and facilitate the implementation of passenger rail service across southern Montana. A proposed extension of service eastward through North Dakota, outside of BSPRA's jurisdiction, would connect with the existing Amtrak Empire Builder long-distance route at Fargo, bringing intercity passenger train service in closer proximity to South Dakota. BSPRA was formally established on November 18, 2020, pursuant to Montana statutes, and now has 17 participating counties.⁶² BSPRA has an independent governing board with members appointed by county commissioners. BSPRA serves as a coordination point among government, Amtrak, host freight railroads, and private partners. In addition, BSPRA would partner with other states in any future multi-state compact or regional rail authority established to support regional passenger rail networks in the Intermountain West.

According to BSPRA's website, it is willing to explore a range of potential new passenger rail route options, including cross-state services through the southern part of Montana as well as north-south links connecting Montana with Denver and Salt Lake City. **Figure 35** shows existing and potential intercity passenger rail routes in Montana, and the participating counties.

Figure 35: Existing and Potential Intercity Passenger Rail Routes in Montana



Source: Big Sky Passenger Rail Authority

⁶² Big Sky Passenger Rail Authority. Retrieved from: <https://www.bigskyrail.org/about>

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CHAPTER 4: FREIGHT RAIL IMPROVEMENTS AND INVESTMENTS

INTRODUCTION

The purpose of this chapter is to identify recent capital investment trends and to describe future rail improvements and investments that will address the ongoing freight movement utility, reliability, resiliency, and safety needs of South Dakota. Many of these projects focus on the opportunity for improvements to infrastructure that will enhance the capacity, safety, and efficiency of rail service and operations; climate change adaptation and environmental sustainability; and local economic development opportunities through enhanced rail access for new potential shippers.

Planned and proposed capital projects identified by South Dakota railroads, shippers, economic development agencies, and other stakeholders during the outreach activities conducted as part of the development of the South Dakota State Rail Plan are listed in this chapter. Projects selected to be prioritized for future public funding opportunities will be further detailed in **Chapter 5**.

4.1 RAIL CARRIER INVESTMENT NEEDS

4.1.1 CLASS I RAILROAD INVESTMENT NEEDS

As private entities, Class I railroad companies in South Dakota generally must use private financing to cover the cost of equipment acquisition (such as locomotives and railcars) and infrastructure improvements aimed at renewing, upgrading, or expanding the rail network such as rail, ties, bridges, and signal systems. Railroads rely on a regulatory framework that provides sufficient return on investment as a means to accommodate these capital expenditures. Funding for capital programs can vary from year to year due to fluctuations in freight demand, economic trends, and other considerations.

Capital investment in rail infrastructure in South Dakota by BNSF and its predecessor, BN, has been robust and continuous since the 1980s. Historically, most projects were aimed at developing the capacity necessary to efficiently handle both the rail traffic originating and terminating in South Dakota and the rail traffic traveling through South Dakota. Notably, the ever-increasing agricultural output from South Dakota and the surge of coal shipments out of Wyoming's Powder River Basin had driven BN's investment in this region. Work has been performed to upgrade track structure and bridges to accommodate railcars with a maximum allowable gross weight of 286,000 lbs., and to expand and create new terminal facilities to accommodate dedicated unit trains of bulk commodities, such as coal, grain, and ethanol.

From 2013 through 2017, BNSF invested approximately \$220 million in routine infrastructure maintenance in South Dakota, including the replacement of rail and ties.⁶³ BNSF continues to invest heavily in its network, with a total systemwide capital investment of \$2.97 billion in 2021.⁶⁴

CP did not identify specific investment needs for its trackage in South Dakota, but CP is committed to making continued investments in infrastructure, rolling stock, and other capital expenditures systemwide.

4.1.2 CLASS II AND CLASS III RAILROAD INVESTMENT NEEDS

Class II (regional) and Class III (or short line) railroads generally face a different set of challenges meeting their needs than the Class I railroads, since they do not often possess the capital and technical resources, operating capacity and flexibility, or modern infrastructure of the larger Class I railroads.

Class II and Class III railroads typically rely upon private funding, public funding, or some combination of these sources to cover the capital cost of equipment acquisition and general infrastructure improvements. Some programs administered by the State of South Dakota and by the federal government are available to Class II and Class III railroads to help fund rail network improvement projects. The potential for this funding and its applicability to and Class II and Class III railroad improvement projects in South Dakota (including on State-owned lines) are discussed further in **Chapter 5**.

All Class II and Class III railroad line segments in South Dakota were originally constructed and operated by Class I railroads. In the 1980s, Class I railroads began to shed unprofitable branch lines following the passage of the federal Staggers Rail Act. Notably, C&NW sold its line between Winona, Minnesota, and Rapid City, South Dakota, to the DM&E in 1986.

Typically, the largest constraints on Class II and Class III railroads involve infrastructure-related restrictions that prohibit accommodating railcars with a maximum allowable gross weight of 286,000 lbs. (the current industry standard) and operational chokepoints caused by insufficient operating capacity on main lines, in rail yards, and locations where railroads interchange with each other.

Railcars with larger loading capacity provide greater operating efficiency by reducing labor, fuel, and maintenance costs while increasing capacity and synergy for rail operations and rail shippers. Most Class II and Class III railroads have a legacy infrastructure suited to low-density operations and railcars of lighter weight (gross weight of 268,000 lbs. or less). In order to accommodate the 286,000-lb. cars, Class II and III railroads must make upgrades to the track assets (i.e., rail, ties, and ballast) and bridges to handle the additional stress caused by transporting the heavier cars. Class II and Class III railroads that are unable to make the appropriate upgrades may be at a competitive disadvantage and lose business to transportation competitors, namely to trucks or nearby Class I railroads that are capable of handling the 286,000-lb. cars.

⁶³ Yankton Daily Press & Dakotan, *BNSF Replacing Railroad Ties in Yankton Region*, October 2, 2018. Retrieved from: https://www.yankton.net/community/article_2b67ed8c-c5f2-11e8-a1bf-23d624d90db0.html

⁶⁴ BNSF Railway, BNSF Facts, March 2022. Retrieved from: https://www.bnsf.com/bnsf-resources/pdf/about-bnsf/fact_sheet.pdf

Segments of the South Dakota rail network known to be incapable of handling these heavier loads are identified in **Chapter 2**.

Class II and Class III railroad chokepoints are often attributed to legacy infrastructure tailored to historical railroad practice, which can limit capacity and hamper the efficiency and flexibility of modern operations. Such factors include yard capacity that is insufficient for building longer trains, switching, and staging cars; and sidings that are of inadequate number, length, or location to accommodate the demands of present-day train operations where meet-pass events may be required when multiple trains are operating on the same line.

Some Class II and Class III railroads are further constrained by delays that stem from interchanging railcars with another carrier or in the use of trackage rights to access an isolated segment of their network. Further complicating interchanges between carriers are “paper barriers” or instances where for regulatory or other contractual reasons one railroad is unable to interchange with another railroad to which it physically connects or is limited in the volume of traffic it can interchange. Among other things, operational chokepoints and terminal congestion can harm quality of life in communities where stopped trains result in blocked crossings and cause delays to motorists and pedestrians.

4.2 CURRENT AND ONGOING PROJECTS IN SOUTH DAKOTA

This section lists current and ongoing projects in South Dakota, as of 2022.

4.2.1 CLASS I RAILROAD PROJECTS

4.2.1.1 BNSF RAILWAY

BNSF did not identify any current or ongoing projects on its network in South Dakota.

4.2.1.2 CANADIAN PACIFIC RAILWAY

CP did not identify any current or ongoing projects on its network in South Dakota.

4.2.2 CLASS II AND CLASS III RAILROAD PROJECTS

4.2.2.1 RAPID CITY, PIERRE & EASTERN RAILROAD

Since its start-up on June 1, 2014, the RCPE has been aggressively investing in its infrastructure to better serve South Dakota and Wyoming. Since its inception, RCPE has spent over \$52 million in routine maintenance of way expense work, and over \$68 million in track and bridge capital improvements. This is an average annual combined total of over \$18 million per year spent by RCPE on its right-of-way. These investments enable RCPE to provide safe, efficient, and competitive freight services for its customers.

These significant investments, along with capital improvement work enabled by prior federal and state grants, have restored the eastern half of the RCPE (Pierre, South Dakota, to Tracy, Minnesota) to a 40

mph line capable of handling industry standard 286,000-lb. railcars. RCPE, in partnership with state and local officials, has facilitated significant new development along the railroad since 2014.

The focus for future line improvements now centers on the RCPE main line west of Fort Pierre to Rapid City. This line, known as the PRC Subdivision, serves the region of the state known as “West River.” For decades, operating speeds on the PRC Subdivision have been generally limited to 10 mph and carloads have been restricted to a weight limit of 263,000 lbs. The PRC Subdivision provides eastward freight connectivity for Rapid City, the second largest city of South Dakota, and forms a link between much of the West River Region of the state and the national rail network east of the Missouri River.

MIDLAND RAIL IMPROVEMENT (STC FY 2020)

RCPE was awarded a \$2.2 million FY 2020 Special Transportation Circumstances (STC) grant for the \$2.8 million Midland Rail Improvement Project to complete the rehabilitation of four miles of main line track along the PRC Subdivision near Midland, South Dakota. The project will upgrade the four miles of track to permit heavier 286,000-lb. railcars and increase operating speeds to 25 mph. As shown in **Table 57**, the total project cost is approximately \$2.8 million (\$2.2 million in STC funds and \$0.6 million of non-federal matching funds).

Table 57: Midland Rail Improvement Project Funding Table

Source	Amount	Percent (%)
STC Federal Grant Request	\$2.2 million	80%
RCPE Match	\$0.6 million	20%
Total Project Cost	\$2.8 million	100%

WEST RIVER FREIGHT RAIL STORM RESILIENCY PROJECT (STC FY 2021)

The West River Freight Rail Storm Resiliency Project has been approved by the South Dakota State Railroad Board to be advanced for selection by the FRA to receive a \$0.8 million FY 2021 STC grant.

At eight individual locations along the RCPE PRC Subdivision are structures that facilitate storm water and other flows into the Bad River and Boxelder Creek. Professional hydrology studies were completed in 2020 and early 2021 to address resiliency concerns. Seven culverts and one bridge structure were identified to be at significant risk of compromise in future heavy storms.

The project will enable the installation of larger culverts to allow for unrestricted passage of expected future storm events. The single bridge structure identified is proposed to be replaced with a new embankment and new culvert placement to better control future flood waters on the Bad River.

The project will provide immediate and clear public benefits:

- A more reliable means of transporting freight through the West River Region that is more capable of withstanding future significant rainfall or flooding events, providing better resiliency for freight shipments in the region.

- Avoidance of truck substitution required for freight shipments if the PRC Subdivision becomes unusable for a period of time after a significant rainfall event in the watershed areas it passes through; dependent upon the cause of the rail line outage and the seasonal shipping demands of the rail customers on the line, this could be avoidance of thousands of truck trips over multiple month periods of time.
- Facilitate and coordinate with future investments in the PRC Subdivision to continue to improve operations and resiliency across the entire route.

RCPE is contributing matching funds in the amount \$0.2 million, representing 20 percent of the \$1.0 million total project cost. **Table 58** shows the project funding sources and the total project cost.

Table 58: West River Freight Rail Storm Resiliency Project Funding Table

Source	Amount	Percent (%)
STC Federal Grant Request	\$0.8 million	80%
RCPE Match	\$0.2 million	20%
Total Project Cost:	\$1.0 million	100%

SOUTH DAKOTA FREIGHT CAPACITY EXPANSION PROJECT (RAISE FY 2021)

SDDOT applied for and was selected to receive a \$22 million FY 2021 Rebuilding America Infrastructure with Sustainability and Equity (RAISE) grant to upgrade main line rail between Fort Pierre, South Dakota, and Rapid City, South Dakota.

Almost 90 miles of the PRC Subdivision main line still has old, lighter weight “jointed” rail. These 39-foot or shorter sections of rail are connected by joint bars bolted to the ends of the rail. The joints can deflect under the weight of passing trains, resulting in rail head wear on the ends of each section of rail and increased mechanical loading of ties and other material. In addition to rail replacement needs, the PRC Subdivision also has numerous trestle bridges that require upgrading to handle modern freight cars.

Modern, heavier continuously welded rail will eliminate the joints and deflection associated with the old, jointed rail. This project improves operating efficiency and reliability, increases safety, and helps stabilize the railroad which passes through the Pierre Shale geological formation, which poses other unique geotechnical challenges. The project will also upgrade bridges with strengthened stringers and caps to handle modern, fully loaded freight cars. These improvements together will allow RCPE to increase the maximum allowable gross weight capacity for railcars from 263,000 lbs. to 286,000 lbs. and increase operating speeds from 10 mph to 25 mph across the entire line between Fort Pierre and Rapid City.

Figure 36 provides a map of the PRC Subdivision in South Dakota.

Figure 36: Map of RCPE PRC Subdivision



Source: Rapid City, Pierre & Eastern Railroad, Inc.

As shown in **Table 59**, the total project cost is \$84.0 million. Recognizing the importance to the public and the economy of finishing this effort in a prompt fashion, a South Dakota Senate Bill (SB 93) was introduced and passed the legislature by overwhelming margins calling for \$20 million in state funds to be available to RCPE to use as non-federal matching funds for a federal grant to upgrade the line. Governor Noem signed the bill into law on March 22, 2021.

RCPE is providing an additional \$42.0 million in private non-federal matching funds for the project.

Table 59: South Dakota Freight Capacity Expansion Project Funding Table

Source	Amount	Percent (%)
RAISE Federal Grant Request	\$22.0 million	26%
RCPE Match	\$42.0 million	50%
State of South Dakota Match (SB 93)	\$20.0 million	24%
Total Project Cost	\$84.0 million	100%

4.2.2.2 D & I RAILROAD

DAKOTA AND IOWA RAILROAD MAIN LINE RAIL REPLACEMENT AND CROSSING IMPROVEMENT PROJECT (STC FY 2019)

DAIR was awarded a \$4.0 million FY 2019 STC grant for the \$5.0 million Dakota & Iowa Main Line Rail Replacement and Crossing Improvement Project to replace seven miles of 100-lb. per yard jointed rail with 115-lb. per yard continuous welded rail between Dell Rapids and Sioux Falls and upgrade four highway-rail grade crossings in Dell Rapids.

The project funding consists of \$4.0 million in STC funds and a \$1.0 million matching contribution from DAIR and the City of Dell Rapids for a total project cost of approximately \$5.0 million.

4.2.2.3 ELLIS & EASTERN RAILROAD

MINNESOTA-SOUTH DAKOTA RAIL IMPROVEMENT PROJECT (CRISI FY 2019)

EE directly applied for and was awarded an FY 2019 Consolidated Rail Infrastructure and Safety Improvements (CRISI) grant for the Minnesota-South Dakota Rail Improvement Project. This project is facilitating the restoration of roughly 38 miles of track between Brandon, South Dakota (near Sioux Falls), and Worthington, Minnesota. The project is upgrading 11 bridges, one siding, approximately six miles of rail, and 45 highway-rail grade crossings in order to facilitate the resumption of rail service on an intact portion of the EE that had previously sat disused for many years.

ELLIS & EASTERN SIOUX FALLS AREA BRIDGES (STC FY 2019)

EE was awarded a \$3.9 million FY 2019 STC grant for the Sioux Falls Area Bridges Project to reconstruct three bridges near Sioux Falls, South Dakota. The scope of work for Bridge P-106 includes adding another timber stringer cord, replacing timber pile caps, posting existing pile, replacing sway bracing and removal of debris around the bridge. The scope of work for Bridge P-125 includes removal of both existing timber approaches. The approaches would be replaced with steel piles, precast concrete abutments, precast concrete bent caps and precast solid slab beam spans. As shown in **Table 60**, the project funding consists of \$3.9 million in STC funds and a \$1.0 million non-federal matching contribution from EE for a total project cost of \$4.9 million.

Table 60: Ellis & Eastern Sioux Falls Area Bridges Project Funding Table

Source	Amount	Percent (%)
STC Federal Grant Request	\$3.9 million	80%
EE Match	\$1.0 million	20%
Total Project Cost	\$4.9 million	100%

4.2.2.4 RINGNECK & WESTERN RAILROAD

Since acquiring the formerly State-owned MRC line in 2021, RWRR through its parent company Watco has committed to ongoing track upgrade and maintenance activities to support rail traffic growth on this corridor. Prior to Watco's acquisition of the line, former operator DSRC had completed a substantial reconstruction of the line between Mitchell and Presho, funded through multiple sources including the Railroad Trust Fund, the GOED Future Fund, and federal TIGER II and TIGER VI grants.

MITCHELL-RAPID CITY MEET AND PASS SIDING (STC FY 2020)

RWRR was awarded a \$1.6 million FY 2020 STC grant for \$2.5 million Mitchell-Rapid City Meet and Pass Siding Project. The project will enable the construction of a new 10,000-foot meet/pass siding near Kimball, South Dakota. This siding will add capacity to the route to enable RWRR to support multiple shuttle trains simultaneously, alleviating a potential bottleneck at the Mitchell interchange. The new siding will improve operational flexibility on the line. As shown in **Table 61**, the total project cost is approximately \$2.5 million (\$1.6 million in STC funds, \$0.6 million from the Railroad Trust Fund, and \$0.3 million in other non-federal matching funds).

Table 61: Mitchell-Rapid City Meet and Pass Siding Project Funding Table

Source	Amount	Percent (%)
STC Federal Grant Request	\$1.6 million	60%
Watco Match	\$0.3 million	20%
South Dakota Railroad Trust Fund	\$0.6 million	20%
Total Project Cost	\$2.5 million	100%

RINGNECK & WESTERN EFFICIENCY AND GROWTH PROJECT (STC FY 2021)

The Ringneck & Western Efficiency and Growth Project has been approved by the South Dakota State Railroad Board to be advanced for selection by the FRA to receive a \$0.8 million FY 2021 STC grant. RWRR proposes to build new railroad infrastructure at a site located on railroad-owned property at the intersection of US Highway 281 and Old Highway 16 in Plankinton, South Dakota (located at approximately MP 395), that will improve efficiency, reduce fuel consumption, and drive new transload capacity and economic development opportunities. The proposed project includes two main components: 1) a 558-foot locomotive shop track, and 2) two 1,500-foot transload tracks for new opportunities. Ancillary project work would include a loadout spur, access roadway for transloading, six new turnouts, and a maintenance pit for locomotive inspections.

The project has three main areas of benefit:

- RWRR has identified the opportunity to serve a new customer that is interested in receiving five cars per week of dimensional lumber product.
- The shop track will allow RWRR to perform locomotive maintenance in Plankinton instead of Chamberlain.

- The transload tracks will provide the ability to move rock into Plankinton by rail for both RWRR use and for use in other local construction projects.

As shown in **Table 62**, the total project cost is \$3.0 million. RWRR's parent company, Watco, will provide a 40 percent non-federal match of \$1.2 million and requests a STC grant in the amount of \$1.8 million (60 percent of the total project cost).

Table 62: Ringneck & Western Efficiency and Growth Project Funding Table

Source	Amount	Percent (%)
STC Federal Grant Request	\$1.8 million	60%
Watco Match	\$1.2 million	40%
Total Project Cost	\$3.0 million	100%

4.2.2.5 SISSETON MILBANK RAILROAD

LAKE FARLEY BRIDGE REPLACEMENT (STC FY 2019)

SMRR was awarded a \$1.5 million FY 2019 STC grant for the \$1.9 million Lake Farley Bridge Replacement Project. This project will reconstruct an existing bridge near Milbank, South Dakota. As shown in **Table 63**, the project funding consists of \$1.5 million in STC funds and a \$0.4 million matching contribution from SMRR for a total project cost of \$1.9 million.

Table 63: Lake Farley Bridge Replacement Project Funding Table

Source	Amount	Percent (%)
STC Federal Grant Request	\$1.5 million	80%
SMRR Match	\$0.4 million	20%
Total Project Cost	\$1.9 million	100%

4.2.3 LOCAL ECONOMIC DEVELOPMENT AGENCY PROJECTS

4.2.3.1 BELLE FOURCHE DEVELOPMENT CORPORATION

BELLE FOURCHE INDUSTRIAL AND RAIL PARK

BFDC was awarded a 2019 STC grant to construct 3,975 track-feet of additional sidings and install four turnouts at its Industrial and Rail Park near Belle Fourche, South Dakota. As shown in **Table 64**, the project funding consists of \$1.9 million in STC funds and \$0.5 million of BFDC funds for a total project cost of \$2.4 million.

Table 64: Belle Fourche Industrial and Rail Park Project Funding Table

Source	Amount	Percent (%)
STC Federal Grant Request	\$1.9 million	80%
BFDC Match	\$0.5 million	20%
Total Project Cost	\$2.4 million	100%

4.3 FUTURE PROPOSED PROJECTS

This section lists proposed projects that have been identified through stakeholder outreach throughout the development of this State Rail Plan.

4.3.1 PROPOSED CLASS I RAILROAD PROJECTS

4.3.1.1 BNSF RAILWAY

BNSF is committed to improving highway-rail grade crossing safety in South Dakota in partnership with SDDOT. BNSF has proposed upgrades to existing crossing surfaces that will improve safety for vehicles at numerous locations statewide.

BNSF is also seeking to partner with local roadway authorities to design and implement systematic programs of highway-rail grade crossing safety upgrades along designated corridors, whether along a specific railroad subdivision or within a particular city or county.

4.3.1.2 CANADIAN PACIFIC RAILWAY

CP did not identify any future proposed projects for its network in South Dakota.

4.3.2 PROPOSED CLASS II AND CLASS III RAILROAD PROJECTS

4.3.2.1 RAPID CITY, PIERRE & EASTERN RAILROAD

HURON LOCOMOTIVE MAINTENANCE FACILITY

RCPE identified the near-term potential to construct a new locomotive maintenance facility in Huron, South Dakota to functionally replace the historic steam-era roundhouse structure. The Huron roundhouse was built by the CN&W to support the day-to-day storage and servicing of steam locomotives used in the first half of the 20th century. The facilities have since become obsolete and are not well suited to modern diesel locomotive maintenance needs.

RCPE noted that a new state-of-the-art heavy maintenance facility could perform locomotive overhauls for other Genesee and Wyoming railroad subsidiaries nationally in addition to the RCPE fleet. This would require RCPE to hire additional mechanics, electricians, machinists, and shop laborers in Huron, providing a local economic benefit.

The upgraded locomotive maintenance facility would provide a safer, more efficient means to maintain RCPE locomotives, and directly facilitate the upgrading of the RCPE locomotive fleet from the current 1970-vintage, 3,000-horsepower, six-axle diesel-electric locomotives to larger, 1990-vintage 4,000-horsepower, six-axle diesel-electric locomotives.

The estimated total project cost is approximately \$23.2 million.

DOWNTOWN RAPID CITY RAIL IMPROVEMENTS

RCPE identified the near-term opportunity to improve rail operations in Downtown Rapid City, South Dakota.

Improvements associated with this project would allow for more efficient train movements through Rapid City, helping to reduce train occupancy time at highway-rail grade crossings in downtown Rapid City and improve quality of life for those traveling through or living in Rapid City.

The estimated total project cost is approximately \$4 million.

UPGRADE BLACK HILLS NORTH SUBDIVISION

RCPE identified the near-term opportunity to upgrade the Black Hills North Subdivision between Rapid City, South Dakota, and Colony, Wyoming. RCPE proposes to crop, weld, and relay 112 lb. per yard-jointed rail salvaged from PRC Subdivision. The addition of this heavier rail, along with bridge improvements, will enable the line from Rapid City to the Colony to handle 286,000-lb. railcars (currently limited to 263,000-lb. cars) and increase speeds to 25 mph across the entire line. The increased weight capacity and operating speeds will enable RCPE to provide faster and more competitive shipping for its customers, allowing them to load higher volumes of product in each railcar.

The estimated total project cost is approximately \$7.5 million.

UPGRADE BLACK HILLS SOUTH SUBDIVISION

RCPE identified the long-term need to replace approximately 75 miles of 100-plus year-old 83 lb. per yard rail on the line between Rapid City, South Dakota, and Dakota Jct., Nebraska. This rail replacement project would improve the speed, reliability, and safety of shipments over the line and would open this corridor up for future industrial development. Upgrades to this line would increase the maximum allowable gross weight from 263,000 lbs. to 286,000 lbs. and allow operating speeds to increase from 10 mph to 25 mph.

The estimated total project cost is approximately \$90 million.

HURON YARD EXPANSION

RCPE identified the long-term need to expand the Huron yard. The Huron Yard Expansion Project would improve the capacity and efficiency of the west end of Huron Yard by constructing two or three new double-ended yard tracks on available railroad-owned property. This additional capacity in Huron would help to increase the velocity of shipments across the RCPE network.

The estimated total project cost is approximately \$7 million.

4.3.2.2 D & I RAILROAD

FAIRVIEW MEET AND PASS SIDING

DAIR identified the long-term need for an additional 8,000-foot-long meet and pass siding near Fairview, South Dakota, on the Sioux Valley Subdivision to supplement the one existing meet and pass siding located near Chatsworth, Iowa. This siding will enable DAIR to accommodate additional traffic on the line and provide operational flexibility to support multiple simultaneous train movements.

The estimated total project cost is approximately \$2.5 million.

SIOUX VALLEY SUBDIVISION MODERNIZATION

DAIR identified the near-term need for bridge upgrades at various locations along the Sioux Valley Subdivision where the rail line crosses the Sioux River, as well as additional replacement of legacy 100 lb. per yard rail between Canton, South Dakota, and Elk Point, South Dakota.

The estimated total project cost is approximately \$50 million.

DELL RAPIDS SUBDIVISION MODERNIZATION

DAIR identified the near-term need for additional bridge upgrades and rail replacement along the Dell Rapids Subdivision between Dell Rapids, South Dakota, and Sioux Falls, South Dakota.

The estimated total project cost is approximately \$15 million.

SIOUX CITY YARD OPERATIONS ENHANCEMENT

In light of operational challenges noted in the Sioux City, Iowa area, DAIR proposes the construction of a new connector track at the Downtown Sioux City rail junction in the near-term. This connector would increase the length of track available for carload interchange movements between DAIR's Downtown Sioux City rail yard and the respective rail yards of Class I railroad interchange partners CN and UP by 1,500 feet – doubling the current amount of space available to accommodate these movements.

The estimated total project cost is approximately \$2.5 million.

NORTH SIOUX CITY MEET AND PASS SIDING

To improve interchange operations in the Sioux City, Iowa Area and to provide additional capacity on the BNSF Aberdeen Subdivision where DAIR has trackage rights, DAIR proposes the construction of a new 8,000-foot-long meet and pass siding to the west of Downtown Sioux City in the long-term. DAIR indicated that the new siding could potentially be located near the existing rail yard in North Sioux City, South Dakota. The siding could be used for meet-pass events, as well as for staging unit trains intended to be interchanged between DAIR, BNSF, and CN or UP in Sioux City.

The estimated total project cost is approximately \$2.5 million

4.3.2.3 DAKOTA, MISSOURI VALLEY AND WESTERN RAILROAD

ABERDEEN TO JARRET JCT. IMPROVEMENTS

Between Aberdeen and Jarrett Jct., DMVW identified the need to replace approximately 10 highway-rail grade crossing surfaces, potentially rehabilitate existing bridges as-needed, and replace numerous existing culverts.

JARRETT JCT. TO BRITTON IMPROVEMENTS

Between Jarrett Jct. and Britton, DMVW identified the need to upgrade five existing turnouts, replace rail as needed, replace anchors, place new ballast and perform surfacing, replace three highway-rail grade crossing surfaces, and replace numerous existing culverts.

JARRETT JCT. TO GENESEO JCT. IMPROVEMENTS

Between Jarrett Jct. and Geneseo Jct., DMVW identified the need to upgrade three existing turnouts, replace rail as needed, replace anchors, place new ballast and perform surfacing, replace eight highway-rail grade crossing surfaces, potentially rehabilitate a number of existing bridges as needed, and replace numerous existing culverts.

4.3.2.4 ELLIS & EASTERN RAILROAD

SIOUX FALLS RAIL RELAY PROJECT

EE identified the near-term need to relay main line rail in the Sioux Falls area to enable the railroad to accommodate 286,000-lb. carloads. The limits of the proposed project extend from MP 58.9 to MP 59.4. Existing light weight jointed rail would be replaced with new 115 lb. per yard jointed rail.

The estimated total project cost is approximately \$0.7 million.

CITY OF SIOUX FALLS CROSSING CLOSURES

EE identified the near-term opportunity to collaborate with the City of Sioux Falls to close six highway-rail grade crossings in the heart of Sioux Falls between MP 59.3 and MP 60.6 for the purpose of improving public safety.

The estimated total project cost is approximately \$0.4 million.

RESTORE RAIL SERVICE TO ELLIS

EE identified the near-term opportunity to rehabilitate existing disused out-of-service track between Sioux Falls and Ellis to serve a potential shipper that already has an existing spur. The project would extend from approximately MP 63.9 in Sioux Falls to MP 65.6 west of Ellis and would include replacement of existing light weight jointed rail with new 115 lb. per yard jointed rail as well as the installation of new ties and surfacing with new ballast. The main line reconstruction will allow the addition of several additional customers and potential development of an industrial rail park in West Sioux Falls.

The estimated total project cost is approximately \$2.5 million.

BRIDGE P-136 REHABILITATION

While completing the reconstruction of the main line between MP 63.9 and MP 65.6, EE identified that bridge P-136 at MP 64.79 near Ellis will require rehabilitation in the near-term.

The estimated total project cost is \$0.4 million.

ELLIS SIDING REHABILITATION

Upon reconstruction of the main line from MP 63.9 to MP 65.6, there will be an opportunity in the long-term for the existing siding in Ellis near MP 65.0 to be brought back online for transloading purposes.

The estimated total project cost is \$0.3 million.

CONSTRUCT A NEW TEAM TRACK BETWEEN SIOUX FALLS AND ELLIS

In anticipation of future industrial growth in Ellis and the surrounding area, EE identified the long-term opportunity to construct a team track between MP 63.0 and MP 63.9 to accommodate additional transloading and potentially a future industrial site.

The estimated total project cost is \$1.5 million.

CONSTRUCT A NEW SPUR INTO POTENTIAL INDUSTRIAL SITE WEST OF ELLIS

EE identified the long-term opportunity to construct a new rail spur into a potential industrial site west of Ellis near MP 65.3.

The estimated total project cost is \$1.0 million.

RELOCATE QUARRY SPUR

In the long term, EE proposes to relocate the existing quarry spur from east of Lyon Boulevard to the west side of Big Sioux Diversion Channel near MP 61.5.

The estimated total project cost is not known at this time.

CONSTRUCT NEW COMMERCIAL TRANSLOAD SIDING IN VALLEY SPRINGS

Upon completion of the Minnesota-South Dakota Rail Improvement Project from Manley to Valley Springs, in the long term EE proposes to construct a new 800-foot long siding near approximately MP 43 in Valley Springs for transloading purposes.

The estimated total project cost is \$0.3 million.

IMPROVEMENTS TO THE EXISTING VALLEY SPRINGS SIDING

Upon completion of the Minnesota-South Dakota Rail Improvement Project from Manley to Valley Springs, EE has identified the long-term potential to restore service to the existing Valley Springs Coop Elevator near approximately MP 43.2.

The estimated total project cost is \$0.3 million.

CONSTRUCT A NEW SIDING FOR POTENTIAL INDUSTRIAL SITE BETWEEN VALLEY SPRINGS AND BRANDON

With the continued growth expected in Minnehaha County, EE anticipates that developing a new rail industrial site between approximately MP 45.6 and MP 46.6 between Valley Springs and Brandon will be a necessary long-term strategic decision to allow potential shippers to leverage both rail and interstate access.

The estimated total project cost is \$0.8 million.

ENCORE RAIL PARK

This proposed long-term project will construct a 5,121-foot-long siding along the existing EE track from MP 50.9 to MP 51.9 and will install six rail turnouts along the siding and a 948-foot-long spur into a new rail served industrial park. This all new industrial rail park will be located on the western edge of Brandon, South Dakota. The Encore Rail Park land parcel was recently annexed into the City of Brandon.

The project will help attract businesses to the area that would not otherwise consider locating in South Dakota or the Sioux Falls/Brandon area. The project will help reduce highway impacts due to a modal shift to rail.

The project has wide local support. Letters of support were provided by the City of Brandon, neighboring business, Sioux Valley Electric, Brandon Economic Development Foundation, Sioux Falls Development Foundation, Sioux Metro Growth Alliance, and the City of Sioux Falls.

4.3.2.5 SISSETON MILBANK RAILROAD

SISSETON MILBANK RAILROAD MODERNIZATION PROJECT

SMRR has long identified the near-term need to conduct a major overhaul of its rail and bridge structures to ensure the long-term viability of its operations. Currently, the maximum allowable gross weight for carloads is 263,000-lbs and train speeds are restricted to 10 mph.

The proposed project would reconstruct the railroad line from Milbank to Sisseton to FRA Class 2 Track Safety Standards, including replace the existing rail with 115 lb. per yard or heavier new or relay rail, replace ties (estimated at 2,046 new ties per mile), add 600 tons per mile of ballast, repair 10 highway-rail grade crossings, add 850 tons of riprap, repair 94 culverts, and repair 28 bridges. The proposed project would complete all upgrades necessary to support 286,000-lb. carloads between Sisseton and Milbank and allow trains to operate at 25 mph. This will in turn make rail service on the line more reliable and cost-effective to existing shippers and will increase the marketability of rail service on this line.

The public benefits of this rail replacement and modernization project include the potential to reduce highway impacts, enable future investment to construct and equip a modern grain handling facility in Sisseton, and enable future transload opportunities that leverage SMRR's close proximity to Interstate 29.

Additionally, commerce with the Sisseton Wahpeton Oyate community may also potentially increase as a result of the enhanced rail service.

The estimated total project cost is \$31.25 million.

4.3.3 PROPOSED LOCAL ECONOMIC DEVELOPMENT AGENCY PROJECTS

4.3.3.1 BELLE FOURCHE DEVELOPMENT CORPORATION

BELLE FOURCHE DEVELOPMENT CORPORATION RAIL PARK IMPROVEMENTS

Belle Fourche Development Corporation proposes to expand the current Belle Fourche Industrial and Rail Park in the near term with the addition of 1,600 feet of new track to provide direct service to a new potential shipper.

The estimated total project cost is \$0.7 million.

BELLE FOURCHE DEVELOPMENT CORPORATION ADDITIONAL RAIL PARK OPPORTUNITY

Belle Fourche Development Corporation proposes to develop a second 100-acre industrial and rail park site in close proximity to the existing Belle Fourche Industrial and Rail Park in the near term. The new site will have both highway and rail access. BFDC proposes to construct a total of 5,000 feet of new siding track to serve the proposed site.

The estimated total project cost is \$1.8 million.

4.3.4 OTHER STAKEHOLDER PROPOSED PROJECTS

Table 65 lists other rail-related projects that have been proposed by non-railroad stakeholders during the development of this State Rail Plan.

Table 66 lists projects related to highway-rail grade crossing safety improvements and highway-rail grade separations proposed by railroads and other stakeholders during the development of this State Rail Plan.

Chapter 4: Freight Rail Improvements and Investments

South Dakota State Rail Plan

Table 65: Other Stakeholder Proposed Rail Projects

Type of Improvement	Project Description	Location	Estimated Total Project Cost
Adaptive Reuse	Long-term opportunity to construct recreational trail between Platte and Ravinia on railbanked State-owned Napa-Platte Line right-of-way	Platte, SD – Ravinia, SD	\$3.2 million
Capacity	Long-term opportunity to construct a meet and pass siding near Utica on the BNSF Aberdeen Subdivision to reduce train delay	Utica, SD	\$2.5 million
State of Good Repair	Long-term opportunity to rehabilitate State-owned Napa-Platte Line track between Napa and Tyndall	Napa, SD – Tyndall, SD	\$25.0 million
State of Good Repair	Long-term opportunity to reactivate inactive State-owned Napa-Platte Line between Tyndall and Wagner	Tyndall, SD – Wagner, SD	TBD
Economic Development	Long-term opportunity to construct rail-served grain shuttle terminal near Wagner on the Napa-Platte Line	Wagner, SD	TBD
Economic Development	South Dakota Soybean Processors proposes to construct a new rail-served soybean processing facility south of Mitchell along the BNSF Aberdeen Subdivision in the near term. The project would involve construction of new industrial loop track to allow BNSF to serve the facility.	Mitchell, SD	\$13.8 million
Economic Development	Long-term opportunity to develop a rail intermodal container terminal for imports and exports	Statewide	TBD
Economic Development	Long-term opportunity to plan for a future rail-served mega-development site to support a large-scale manufacturer seeking to locate in South Dakota	Statewide	TBD
Quality of Life	Sioux Falls Whistle Reduction Effort (Near Term)	Sioux Falls, SD	\$5.4 million
Quality of Life	Rapid City Railroad Quiet Zone (Near Term)	Rapid City, SD	\$6.0 million
Quality of Life	Box Elder Railroad Quiet Zone (Long Term)	Box Elder, SD	TBD
Quality of Life	Brookings Railroad Quiet Zone (Long Term)	Brookings, SD	TBD

Chapter 4: Freight Rail Improvements and Investments

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Table 66: Stakeholder Proposed Highway-Rail Grade Crossing Safety Projects

Crossing DOT#	Project Description	Location	Estimated Total Project Cost
067500K	Opportunity to install flashing light signals and gates on County Road 9 near Britton	Britton, SD	\$0.3 million
318716D	Opportunity to install gates at Garfield Avenue in Dell Rapids	Dell Rapids, SD	\$0.3 million
386052J	Opportunity to install flashing light signals and gates at 397th Avenue in Mt. Vernon	Mt. Vernon, SD	\$0.3 million
389090T	Opportunity to install flashing light signals and gates at Main Street in Kimball	Kimball, SD	\$0.3 million
097252V	Opportunity to construct grade separation overpass at 259 th Street near Sioux Falls	Sioux Falls, SD	\$15.0 million
097254J	Opportunity to construct grade separation overpass at 471 st Street (Marion Road) near Sioux Falls	Sioux Falls, SD	\$15.0 million
381187X	Opportunity to improve vertical clearance at existing grade separation underpass at 460th Avenue (CR 23) near Madison	Madison, SD	TBD
382080Y	Opportunity to improve vertical clearance at existing grade separation underpass at Main Street (SD 105) in North Sioux City	North Sioux City, SD	TBD

CHAPTER 5: SOUTH DAKOTA'S RAIL SERVICE AND INVESTMENT PROGRAM

INTRODUCTION

Chapter 5 addresses the specific projects, programs, policies, laws, and funding necessary to achieve the State's Rail Vision and describes the related financial and physical impacts of these proposed actions.

The identification of potential project opportunities through targeted stakeholder outreach, along with a clear understanding of the status of existing assets and consideration of current trends and forecasts, will inform the State's prioritization of projects for future investment. This chapter contains a project inventory that list the currently funded projects that are ongoing as well as other potential projects that have been identified by stakeholders during this State Rail Plan update but are not yet funded and are intended for implementation within the next 20 years. The advancement of stakeholder-proposed projects for future funding opportunities will consider public benefits and impacts related to safety, resiliency, economic development and employment, rail capacity and congestion by corridor, the environment, equity, energy consumption, greenhouse gas emissions, and regional balance.

State funding programs that can benefit the rail industry are identified and discussed, as well as opportunities to leverage federal funding. Strategies to maintain federal funding compliance and maintain compliance with other USDOT and FRA mandates, guidelines, and requirements are described. Predicated on rail needs and issues, this chapter categorizes specific needs and associated opportunities and identifies the policies, programs, strategies, and funding necessary to achieve the State's Rail Vision.

5.1 STATE RAIL VISION

The development of South Dakota's State Rail Vision has been informed by an extensive public and stakeholder outreach process (described in **Chapter 6**). These efforts identified common themes relevant for setting a direction for rail planning in South Dakota. Based on a consensus among stakeholders, the State Rail Vision statement is revised from the previous South Dakota State Rail Plan (2014) as follows:

The South Dakota rail system shall provide competitive and efficient freight service, in the safest manner possible, to connect South Dakota businesses with domestic and international markets and support statewide economic development efforts.

The South Dakota Rail Vision is supported by the following goals:

- Support economic growth and development
- Ensure connectivity for critical industries
- Maintain State railroad assets in a state of good repair
- Reduce highway impacts
- Improve railroad safety, security, and resiliency

5.2 PROGRAM COORDINATION

South Dakota's long-term rail vision is intended to integrate with other statewide transportation planning efforts, including the State's LRTP, the state rail plans of neighboring states, and regional multi-state rail plans, as appropriate.

5.2.1 INTEGRATION WITH OTHER STATE PLANNING EFFORTS

5.2.1.1 SOUTH DAKOTA LONG RANGE TRANSPORTATION PLAN⁶⁵

South Dakota's LRTP provides a general outlook to identify opportunities and trends related to statewide transportation without addressing specific programmed projects. The LRTP guides the development of the SDDOT's other plans and studies. The State Rail Plan, in turn, will help inform future updates of the LRTP with mode-specific information.

5.2.1.2 SOUTH DAKOTA FREIGHT PLAN⁶⁶

The South Dakota Freight Plan is a freight-focused document that incorporates rail as well as all other freight modes. Future updates to the South Dakota Freight Plan will integrate mode-specific information from the State Rail Plan as appropriate.

5.2.1.3 SOUTH DAKOTA STATEWIDE TRANSPORTATION IMPROVEMENT PROGRAM⁶⁷

The South Dakota STIP contains information about South Dakota's rail programs and projects. The STIP will continue to be updated regularly with the most recently available information specific to rail.

5.2.2 NATIONAL AND REGIONAL RAIL PLANNING INTEGRATION

5.2.2.1 NATIONAL STRATEGIC RAIL CORRIDOR NETWORK

South Dakota will continue to coordinate as necessary with the U.S. Military Surface Deployment and Distribution Command's Transportation Engineering Agency (TEA), that oversees the federal National Strategic Rail Corridor Network (STRACNET). The STRACNET is comprised of an approximately 32,000-mile

⁶⁵ South Dakota Department of Transportation, Long Range Plan. Retrieved from: <https://dot.sd.gov/projects-studies/planning/long-range-plan>

⁶⁶ South Dakota Department of Transportation, Freight Plan. Retrieved from: <https://dot.sd.gov/projects-studies/planning/freight-plan>

⁶⁷ South Dakota Department of Transportation, Statewide Transportation Improvement Program. Retrieved from: <https://dot.sd.gov/projects-studies/planning/stip>

national, interconnected network of rail corridors and associated connector lines most important to national defense. STRACNET-designated routes provide main line rail throughput capability as well as access to major defense contractors, logistics sites, and military facilities critical to national defense.

5.2.2.2 REGIONAL RAIL PLANNING

SDDOT will continue to coordinate as necessary with regional rail planning efforts, such as those led by the MIPRC, or any future multi-state working group established to study freight or passenger rail needs in South Dakota and beyond.

5.2.2.3 NEIGHBORING STATE RAIL PLANNING

SDDOT is routinely given the opportunity to review the state rail plans of neighboring states and will provide neighboring states the reciprocal opportunity to review a draft of this State Rail Plan.

5.3 RAIL AGENCIES

5.3.1 SOUTH DAKOTA DEPARTMENT OF TRANSPORTATION

As noted in **Chapter 1**, SDDOT's Office of Air, Rail, and Transit is responsible for monitoring rail traffic and commodity flows, performing detailed analyses on lines threatened by abandonment or that need financial assistance, evaluating changes in status, condition, and service on rail lines, and analyzing State-owned rail operations. The Office of Air, Rail, and Transit handles the management of all real and personal property acquired by the State for railroad purposes, including leasing of property, utility installation, track rehabilitation, industrial track expansion, and construction. The Office of Air, Rail, and Transit is also responsible for acquiring and administering federal and State funds used to upgrade short line and regional railroad infrastructure and maintaining State-owned rail lines for current and future use.

The Office of Planning and Engineering is responsible for overseeing highway construction projects that have an intersection with railroad property and identifying needed highway-rail grade crossing safety improvements.

This update to the State Rail Plan does not recommend any changes to the Office of Air, Rail, and Transit or the Office of Planning and Engineering, nor does it recommend the creation or abolition of any other agencies or authorities within SDDOT.

5.3.2 STATE RAILROAD AUTHORITY

As noted in **Chapter 1**, the South Dakota State Railroad Authority has the power to acquire property and to construct, maintain, and equip railroad facilities as the Legislature declares to be in the public interest. The Authority also may conduct planning studies to determine the full scope of rail system needs. The State Railroad Authority and the State Railroad Board are composed of the same seven members appointed by the Governor.

This update to the State Rail Plan does not recommend any changes to the structure, purpose, or activities of the State Railroad Authority.

5.3.3 STATE RAILROAD BOARD

As noted in **Chapter 1**, the South Dakota State Railroad Board exists to review and decide matters related to operation, management, finance, marketing, and development of rail service over all properties and facilities acquired, leased, or controlled by the State. The Board also may, upon written approval of the Governor, make loans from the Railroad Trust Fund.

This update to the State Rail Plan does not recommend any changes to the structure, purpose, or activities of the State Railroad Board.

5.3.4 REGIONAL RAILROAD AUTHORITIES

As noted in **Chapter 1**, the Regional Railroad Authority concept is widely used in South Dakota for the purpose of planning, establishing, acquiring, developing, constructing, purchasing, enlarging, improving, maintaining, equipping, operating, regulating, and protecting railroads and railroad facilities needed for the operation of the railroad. The Regional Railroad Authorities also serve as legal entities to facilitate the disbursement of State Railroad Trust Fund dollars to fund rail improvements.

This update to the State Rail Plan does not recommend any changes to the current Regional Railroad Authority structure.

5.4 PROGRAM EFFECTS

The projects listed in **Section 5.8** of this chapter are based on those activities that improve rail safety, support economic development, maintain the well-being of short line railroads operating in the state, and support the reduction or elimination of major freight bottlenecks. These projects and later projects resulting from future studies may potentially offer substantial public socioeconomic benefits.

As the majority of intercity rail passengers would be diverted from the automobile, any future passenger rail service expansion efforts would result in a more extensive and inclusive intercity transportation network, enhanced mobility, increased tourism and access to job opportunities, and increased energy efficiency compared to other modes.

For freight rail improvements, the public benefits involve increased transportation competition resulting in lower cost to shippers, less highway congestion and roadway surface damage, and reduced environmental and energy impacts compared to other modes. Highway-rail grade crossing improvement projects, as well as other rail-related infrastructure improvements aimed at maintaining a state of good repair, serve to increase transportation safety and efficiency.

5.5 PASSENGER ELEMENT

5.5.1 DESCRIPTION OF PASSENGER RAIL CAPITAL PROJECTS

No passenger rail capital projects are planned or proposed in South Dakota at this time.

5.5.2 CAPITAL FINANCING PLAN

No passenger rail capital projects are planned or proposed in South Dakota at this time.

5.5.3 OPERATING FINANCING PLAN

Per the Passenger Rail Improvement and Investment Act of 2008 (PRIIA), passenger rail services of 750 miles or less in length operated by Amtrak must be state-supported. The operations and maintenance costs associated with state-supported routes must be funded by the state or by a coalition of states that requested the service. By contrast, operating costs associated with long-distance Amtrak routes in excess of 750 miles are funded directly by Congress through routine budget authorizations. However, no new long-distance Amtrak routes have been established in over 20 years.

At this time, there are no state funding mechanisms in place to fund a state-supported passenger rail service. A decision to establish such a funding mechanism would be deferred until after future studies have been completed to determine the feasibility of state-supported passenger rail service and the anticipated benefits associated with a specific route structure and service plan, to be identified through future planning efforts.

5.5.4 ECONOMIC BENEFITS

As the majority of intercity rail passengers would be diverted from the automobile, passenger rail service expansion efforts would result in a more extensive and inclusive intercity transportation network, enhanced mobility, increased tourism and access to job opportunities, and increased energy efficiency compared to other modes.

Additionally, passenger rail service restoration can potentially trigger the adaptive reuse of historic intercity passenger rail facilities, including expansion into multimodal hubs which can connect rail passengers with other non-rail modes, such as local and regional bus service. Other urban revitalization efforts centered around transit hubs, known as transit-oriented development, can result in increased neighborhood property values and improved community vitality.

5.6 FREIGHT ELEMENT

5.6.1 FINANCING PLAN

The project inventory contains freight rail projects identified for the short-range and long-range planning horizons that pertain to improvements to South Dakota's rail network.

Class I railroads are generally considered capable of funding their own capital projects; however, potential future investments to be made to the state's rail network that were identified through coordination with

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the state's Class I railroads and identified by SDDOT or other stakeholders are shown in the list of potential future passenger and freight rail projects and studies in the project inventory later in this chapter.

Such self-funding is more challenging for Class II and Class III railroads, which tend to have a smaller customer base, thus limiting opportunities to generate revenue. Class II and Class III railroads typically earn a fee for picking up and delivering rail carloads to and from Class I railroads for forwarding to and from other points on the national rail network, while depending on aging infrastructure inherited from prior Class I railroad owners. Accordingly, the internal cash flow for a Class II or Class III railroad is often insufficient to enhance yard and line capacity to accommodate more efficient train operations; provide improved rail access via enhanced or new transload facilities or industrial trackage; or upgrade legacy track and bridges to handle heavier loaded car weights of 286,000 pounds, which has become the standard for the national rail system.

Many states, including South Dakota, have opted to provide support to their Class II and Class III railroads to upgrade their lines via state and federal funding mechanisms. SDDOT can help sponsor applications for federal funding through programs such as RAISE (formerly known as BUILD and TIGER), CRISI, and STC, among others. Such investments ensure that these railroads can continue to serve their shippers, thus helping to retain businesses and employment and prevent the diversion of freight from rail to truck and the consequent maintenance impacts to the State highway system. Projects seeking competitive federal discretionary grant funding under many of the available programs are typically subjected to a rigorous benefit-cost analysis (BCA) to quantify specific public benefits needed to justify the investment, in addition to narrative description of project merits.

Another key area for state and federal investment is highway-rail grade crossing safety. Improvements include upgrades to warning devices and crossing surfaces, as well as crossing closures and grade separations where appropriate. These projects may be funded through the long running FHWA Railway-Highway Crossings Program (Section 130) or the FRA's Railroad Crossing Elimination Program (RCE), which was launched in 2022. The impacts of such investments are the prevention and reduction of accidental deaths and injuries at highway-rail grade crossings.

The main financing mechanisms for state investments in rail lines and in highway-rail grade crossing safety improvements were identified in **Chapter 2**.

State funding mechanisms, as well as federal grant programs and local matching contributions, can together potentially support the planned and proposed investments in the state rail network described in **Section 5.8** of this chapter.

5.6.2 ECONOMIC BENEFITS

The State of South Dakota has long recognized the public value of a viable short line and regional railroad network. In the late 1970s and early 1980s, the State Legislature had the foresight to pass legislation authorizing SDDOT to purchase several former Class I branch lines and secondary main lines in the state that were otherwise slated for abandonment. These lines were then preserved and maintained for future use. The public benefits of state investment in the South Dakota rail network include the transportation-related economic and socio-environmental benefits involved in providing competitive rail service itself, as well as the preservation and protection of irreplaceable rail assets. These rail lines have also steadily produced increased traffic levels which have resulted in shippers receiving cost-efficient service.

Through this state rail planning process, SDDOT has also developed a better understanding of the rail industry's plans for growth within the state and the projects deemed necessary to facilitate this growth. Therefore, private sector rail projects, if deemed to provide sufficient public benefits in the future, may receive increased public financial assistance should additional funding become available.

As most proposed long-range projects have yet to be analyzed regarding their economic feasibility, it is premature to identify any correlation between the level of public investment and expected benefits.

5.7 RAIL STUDIES AND REPORTS

5.7.1 FREIGHT RAIL STUDIES

A future study to identify potential solutions to alleviate rail terminal congestion and improve interchange between multiple carriers in Sioux City, Iowa, may be required, as identified by stakeholders.

5.7.2 PASSENGER RAIL STUDIES

No specific future passenger rail studies are envisioned at this time. It has been proposed by passenger rail advocates that a formal multi-state working group be formed to study passenger rail feasibility in the Greater Northwest Region, which may include South Dakota. Such a working group could lead to the future implementation of an interstate compact to further identify, plan, and design future regional passenger rail corridors. Once specific corridors are identified, service development plans may be prepared to identify any capital projects necessary in order to establish the desired level of service.

5.8 RAIL PROJECT INVENTORY

This section identifies the current program of rail projects that are either funded or under consideration for future funding in South Dakota. The projects are prioritized in terms of projects which are currently selected for funding or already in construction; and projects that will be considered for future funding opportunities over a 20-year period. The funded projects are limited to those for which funding has been identified based on legislative budget allocations, awards from the South Dakota Railroad Trust Fund, and projects selected for federal grant awards. Unfunded potential future projects include specific projects or prospective project concepts for which funding has not yet been committed or secured but have been

deemed important as part of a multi-year program. A brief project summary, anticipated public benefit categories, and a generalized cost estimate are provided for each project listed in the project inventory.

5.8.1 CURRENT AND ONGOING PROJECTS

South Dakota's current program of funded and ongoing freight rail projects is described in this section.

Projects identified for funding have been selected on the basis of preserving the State's past investments and improving the levels of service and financial performance of the railroads in the state, as well as the anticipated benefits expected for projects in terms of freight system capacity, efficiency, and safety; rail network access; economic development and competitiveness; job creation and retention; transportation savings; energy and environmental benefits; resiliency; and other program-specific benefits.

Table 67 lists the current program of funded and ongoing projects.

The sum of the estimated total project costs for each of the projects within the currently funded program of projects for which estimated total project costs are known at this time exceeds \$107 million. Total funding for the current program includes over \$54 million in federal investment, over \$32 million in private investment, and \$20 million in State grants.

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Table 67: Currently Funded and Ongoing Freight Rail Projects

Studies and Projects	Description	General Project Benefits	Project Status	Federal Funding	Non-Federal Funding	Total Project Cost	Funding Source(s)
Minnesota-South Dakota Rail Improvement Project	Reactivation of Ellis & Eastern Railroad track between Brandon, SD, and Manley, MN.	State-of-Good-Repair; Economic Development	Construction	TBD	TBD	TBD	CRISI (FY 2019), EE Match
Belle Fourche Industrial and Rail Park Project	Construction of a new rail siding for transloading in Belle Fourche, SD.	Economic Development	Construction	\$1.9 million	\$0.5 million	\$2.4 million	STC (FY 2019), BFDC Match
Dakota and Iowa Railroad Main Line Rail Replacement and Crossing Improvements Project	Replace rail and improve crossing surfaces between Canton, SD, and Elk Point, SD on the D & I Railroad.	Safety; State-of-Good-Repair	Construction	\$4.0 million	\$1.0 million	\$5.0 million	STC (FY 2019), DAIR, City of Dell Rapids Match
Ellis and Eastern Sioux Falls Area Bridges Project	Upgrades to aging bridge structures on the Ellis & Eastern Railroad in Sioux Falls, SD.	State-of-Good-Repair	Construction	\$3.9 million	\$1.0 million	\$4.9 million	STC (FY 2019), EE Match
Sisseton Milbank Railroad Lake Farley Bridge Replacement Project	Bridge replacement project in Milbank, SD on the Sisseton Milbank Railroad.	State-of-Good-Repair and increased weight capacity	Construction	\$1.5 million	\$0.4 million	\$1.9 million	STC (FY 2019), SMRR Match
Midland Rail Improvement Project	Rapid City, Pierre & Eastern Railroad track upgrades in Midland, SD.	State-of-Good-Repair	Construction	\$2.2 million	\$0.6 million	\$2.8 million	STC (FY 2020), RCPE Match

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Studies and Projects	Description	General Project Benefits	Project Status	Federal Funding	Non-Federal Funding	Total Project Cost	Funding Source(s)
Mitchell-Rapid City Meet and Pass Siding Project	Construction of a new siding near Kimball, SD, to provide capacity for increased train frequencies on the Ringneck & Western Railroad.	Capacity	Construction	\$1.6 million	\$0.9 million	\$2.5 million	STC (FY 2020), Railroad Trust Fund, RWRR Match
West River Freight Rail Storm Resiliency Project	Rapid City, Pierre & Eastern Railroad drainage improvements along the PRC Subdivision to mitigate risk of washouts.	Safety; State-of-Good-Repair	Construction	\$0.8 million	\$0.2 million	\$1.0 million	STC (FY 2021), RCPE Match
Ringneck and Western Efficiency and Growth Project	Construction of new rail spurs for transloading and new locomotive maintenance facility in Plankinton, SD, along Ringneck & Western Railroad.	Economic Development	Construction	\$1.8 million	\$1.2 million	\$3.0 million	STC (FY 2021), RWRR Match
South Dakota Freight Capacity Expansion Project	Rapid City, Pierre & Eastern Railroad rail replacement to support 286,000-lb. carloads and 25 mph operations between Ft. Pierre, SD, and Rapid City, SD, on the PRC Subdivision.	State-of-Good-Repair	Construction	\$22.0 million	\$62.0 million	\$84.0 million	RAISE (FY 2021), SB 93, RCPE Match

5.8.2 UNFUNDED POTENTIAL FUTURE RAIL PROJECT INVENTORY

South Dakota's current program of unfunded potential future projects is comprised of projects identified by SDDOT and other rail stakeholders to address rail user and community needs, rail system access, infrastructure enhancement or replacement, and to promote economic development. These projects, however, are not guaranteed to be implemented due to a lack of designated funding or due to the need for further analysis, planning, or programming before funding can be committed.

The unfunded project inventory includes prospective rail projects proposed during the stakeholder and public outreach process, regardless of funding availability at this time and without detailed technical analysis. These projects will be subject to additional verification of feasibility and evaluation of potential public and private benefits to determine each project's suitability for receiving public funding resources.

Estimated total project costs for future freight rail projects may not be known at this time. Upon completion of these analyses, future State Rail Plan updates will reflect more current and accurate information, including capital cost estimates for implementation. Upon the availability or award of state or federal funding resources, projects selected for implementation may be moved to the current and ongoing project list of funded projects in the future. Proposed long-range projects and studies that remain unfunded will be included in future iterations of the State Rail Plan as long as they remain relevant to affected stakeholders and continue to be necessary to help achieve South Dakota's State Rail Vision.

An inventory of potential freight rail projects identified by stakeholders is listed in **Table 68**.

The sum of the estimated total project costs for each of the projects within the current long-range program of freight rail projects for which estimated total project costs are known at this time exceeds \$280 million.

An inventory of potential highway-rail grade crossing and quality of life projects is listed in **Table 69**.

Project funding sources for all future projects, inclusive of federal, state, local, and private or other non-federal funding, will be determined as funding opportunities are made available in order to optimize overall funding leverage and to maximize public benefit.

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Table 68: Stakeholder-Proposed Potential Future Freight Rail Projects

Studies and Projects	Description	General Project Benefits	Estimated Federal Funding	Estimated Non-Federal Funding	Estimated Total Project Cost	Potential Funding Source(s)
Sisseton Milbank Railroad Modernization Project	Rehabilitation of the Sisseton Milbank Railroad to support 286,000-lb. carloads and 25 mph operations between Sisseton, SD, and Milbank, SD.	State-of-Good-Repair; Economic Development	\$25.0 million	\$6.3 million	\$31.3 million	CRISI, Railroad Trust Fund Loan, SMRR Match
Huron Locomotive Maintenance Facility Project	Rapid City, Pierre & Eastern Railroad proposes to construct a new locomotive repair facility in Huron, SD, to replace an aging existing structure.	State-of-Good-Repair, Economic Development	\$11.5 million	\$11.7 million	\$23.2 million	CRISI, Railroad Trust Fund, RCPE Match
Downtown Rapid City Rail Improvements	Rapid City, Pierre & Eastern Railroad proposes improvements to allow for more efficient train movements through downtown Rapid City, SD, and reduce grade crossing occupancy time.	Velocity	\$3.2 million	\$0.8 million	\$4.0 million	CRISI, STC, Railroad Trust Fund Loan, RCPE Match
Upgrade Black Hills North Subdivision	Rapid City, Pierre & Eastern Railroad proposes to crop, weld, and relay 112 lb. per yard jointed rail salvaged from the PRC subdivision. The addition of heavier rail, along with bridge improvements, will enable the line from Rapid City, SD to Colony, WY to handle 286,000-lb. carloads and allow the railroad to increase speeds to 25 mph across the entire line.	State-of-Good-Repair	\$6.0 million	\$1.5 million	\$7.5 million	CRISI, STC, Railroad Trust Fund Loan, RCPE Match

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Studies and Projects	Description	General Project Benefits	Estimated Federal Funding	Estimated Non-Federal Funding	Estimated Total Project Cost	Potential Funding Source(s)
Upgrade Black Hills South Subdivision	Rapid City, Pierre & Eastern Railroad identified the opportunity to replace 75 miles of 83 lb. per yard rail between Rapid City, SD, and Dakota Jct., NE. The addition of heavier rail would enable the line to handle 286,000-lb. carloads and allow the railroad to increase speeds to 25 mph across the entire line.	State-of-Good-Repair	\$54.0 million	\$36.0 million	\$90.0 million	CRISI, RAISE, Railroad Trust Fund Loan, RCPE Match
Huron Yard Expansion	Rapid City, Pierre & Eastern Railroad identified the opportunity to construct additional yard tracks on available railroad-owned property in Huron, SD, to improve yard operations and reduce terminal delay.	Capacity	\$5.6 million	\$1.4 million	\$7.0 million	CRISI, Railroad Trust Fund Loan, RCPE Match
Fairview Meet and Pass Siding	D & I Railroad identified the need for an additional 8,000-foot-long meet-pass siding near Fairview, SD on the Sioux Valley Subdivision to supplement the one existing meet and pass siding located near Chatsworth, IA. This siding will enable the railroad to accommodate additional traffic on the line and provide operational flexibility to support multiple simultaneous train movements.	Capacity	\$2.0 million	\$0.5 million	\$2.5 million	CRISI, STC, Railroad Trust Fund Loan, DAIR Match

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Studies and Projects	Description	General Project Benefits	Estimated Federal Funding	Estimated Non-Federal Funding	Estimated Total Project Cost	Potential Funding Source(s)
Sioux Valley Subdivision Modernization	D & I Railroad identified the need for bridge upgrades at various locations along the Sioux Valley Subdivision where the rail line crosses the Sioux River, as well as additional replacement of legacy 100 lb. per yard rail between Canton, SD, and Elk Point, SD.	State-of-Good-Repair	\$40.0 million	\$10.0 million	\$50.0 million	CRISI, RAISE, Railroad Trust Fund Loan, DAIR Match
Dell Rapids Subdivision Modernization	D & I Railroad identified the need for additional bridge upgrades and rail replacement along the Dell Rapids Subdivision between Dell Rapids, SD, and Sioux Falls, SD.	State-of-Good-Repair	\$12.0 million	\$3.0 million	\$15.0 million	CRISI, RAISE, Railroad Trust Fund Loan, DAIR Match
Sioux City Yard Operations Enhancement	D & I Railroad proposes the construction of a new connector track at the downtown Sioux City, IA, rail junction. This connector would increase by 1,500 feet the length of track available to accommodate carload interchange movements between the D & I Railroad's Downtown Sioux City rail yard and the respective rail yards of Class I railroad interchange partners CN and UP.	Capacity	\$2.0 million	\$0.5 million	\$2.5 million	CRISI, Railroad Trust Fund, DAIR Match

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Studies and Projects	Description	General Project Benefits	Estimated Federal Funding	Estimated Non-Federal Funding	Estimated Total Project Cost	Potential Funding Source(s)
North Sioux City Meet and Pass Siding	To improve operations in the Sioux City, IA, D & I Railroad proposes the construction of a new 8,000-foot-long meet-pass siding to the west of Downtown Sioux City. D & I indicated that the new siding could potentially be located near the existing rail yard in North Sioux City, SD.	Capacity	\$2.0 million	\$0.5 million	\$2.5 million	Private Funding
Sioux Falls Rail Relay Project	Ellis & Eastern Railroad identified the need to relay main line rail in the Sioux Falls, SD Area to enable the railroad to accommodate 286,000-lb. carloads. The limits of the proposed project extend from MP 58.9 to MP 59.4. Existing light weight jointed rail would be replaced with new 115 lb. per yard jointed rail.	State-of-Good-Repair	\$0.5 million	\$0.2 million	\$0.7 million	STC, Railroad Trust Fund Loan, EE Match
Restore Rail Service to Ellis	Ellis & Eastern Railroad proposes to rehabilitate and reactivate out-of-service track between Sioux Falls, SD, and Ellis, SD, to serve existing industry.	State-of-Good-Repair; Reduce Highway Impacts; Economic Development	\$2.0 million	\$0.5 million	\$2.5 million	CRISI, STC, Railroad Trust Fund Loan, EE Match
Bridge P-136 Rehabilitation	While completing the reconstruction of the main line between MP 63.9 and MP 65.6, Ellis & Eastern Railroad identified that bridge P-136 at MP 64.79 will require rehabilitation.	State-of-Good-Repair	\$0.3 million	\$0.1 million	\$0.4 million	STC, Railroad Trust Fund Loan, EE Match

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Studies and Projects	Description	General Project Benefits	Estimated Federal Funding	Estimated Non-Federal Funding	Estimated Total Project Cost	Potential Funding Source(s)
Ellis Siding Rehabilitation	Ellis & Eastern Railroad identified that upon reconstruction of the main line from MP 63.9 to MP 65.6, the existing sidings in Ellis, SD, near MP 65.0 may be brought back online for transloading purposes.	State-of-Good-Repair; Reduce Highway Impacts; Economic Development	\$0.2 million	\$0.1 million	\$0.3 million	STC, Railroad Trust Fund Loan, EE Match
Construct a New Team Track Between Sioux Falls and Ellis	In anticipation of future industrial growth in Ellis, SD, and the surrounding area, Ellis & Eastern Railroad identified the opportunity to construct a team track between MP 63.0 and MP 63.9 to accommodate additional transloading and potentially a future industrial site.	Economic Development	\$1.2 million	\$0.3 million	\$1.5 million	STC, Railroad Trust Fund Loan, EE Match
Construct a New Spur into Potential Industrial Site West of Ellis	Ellis & Eastern Railroad identified the opportunity to construct a new rail spur into a potential industrial site west of Ellis, SD, near MP 65.3.	Economic Development	\$0.8 million	\$0.2 million	\$1.0 million	STC, Railroad Trust Fund Loan, EE Match
Relocate Quarry Spur From East of Lyon Boulevard to West Side of Big Sioux Diversion Channel	Ellis & Eastern Railroad proposes to relocate the existing quarry spur in Sioux Falls, SD, from east of Lyon Boulevard to the west side of Big Sioux Diversion Channel near MP 61.5.	Rail Relocation	TBD	TBD	TBD	CRISI, RCE, Local Funds, Railroad Trust Fund Loan, EE Match
Construct New Commercial Transload Siding in Valley Springs	Upon completion of the Minnesota-South Dakota Rail Improvement Project, Ellis & Eastern Railroad proposes to construct a new 800-foot-long siding near approximately MP 43 in Valley Springs, SD, for transloading purposes.	Economic Development	\$0.2 million	\$0.1 million	\$0.3 million	STC, Railroad Trust Fund Loan, EE Match

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Studies and Projects	Description	General Project Benefits	Estimated Federal Funding	Estimated Non-Federal Funding	Estimated Total Project Cost	Potential Funding Source(s)
Improvements to the Existing Valley Springs Siding	Upon completion of the Minnesota-South Dakota Rail Improvement Project, Ellis & Eastern Railroad has identified the potential to restore service to the existing Valley Springs Coop Elevator near approximately MP 43.2.	State-of-Good-Repair; Economic Development	\$0.2 million	\$0.1 million	\$0.3 million	STC, Railroad Trust Fund Loan, EE Match
Construct a New Siding for Potential Industrial Site Between Valley Springs and Brandon	With the continued growth expected in Minnehaha County, Ellis & Eastern Railroad anticipates that developing a new rail industrial site between approximately MP 45.6 and MP 46.6 between Valley Springs, SD, and Brandon, SD, will be a necessary strategic decision to allow potential shippers to leverage both rail and interstate access.	Economic Development	\$0.6 million	\$0.2 million	\$0.8 million	STC, Railroad Trust Fund Loan, EE Match
Encore Rail Park	This proposed project will construct a 5,121 foot-long siding along the existing Ellis & Eastern Railroad track from MP 50.9 to MP 51.9, and will install six rail turnouts along the siding and a 948-foot-long spur into a new rail served industrial park west of Brandon, SD.	Economic Development	TBD	TBD	TBD	STC, Railroad Trust Fund Loan, EE Match
Belle Fourche Development Corporation Rail Park Improvements	Belle Fourche Development Corporation proposes to expand the current Belle Fourche Industrial and Rail Park with the addition of 1,600 feet of new track to provide direct service to a potential rail shipper.	Economic Development	\$0.5 million	\$0.2 million	\$0.7 million	STC, Railroad Trust Fund Loan, BFDC Match

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Studies and Projects	Description	General Project Benefits	Estimated Federal Funding	Estimated Non-Federal Funding	Estimated Total Project Cost	Potential Funding Source(s)
Belle Fourche Development Corporation Additional Rail Park Opportunity	Belle Fourche Development Corporation proposes to develop a second 100-acre industrial and rail park site in close proximity to the existing Industrial and Rail Park. The new site will have both highway and rail access. BFDC proposes to construct a total of 5,000 feet of new siding track to serve the proposed site.	Economic Development	\$1.4 million	\$0.4 million	\$1.8 million	STC, Railroad Trust Fund Loan, BFDC Match
Construct recreational trail between Platte and Ravinia on railbanked right-of-way	Stakeholders identified an opportunity to construct a recreational trail on railbanked Napa-Platte Line right-of-way between Platte, SD, and Ravinia, SD.	Adaptive Reuse	\$0	\$3.2 million	\$3.2 million	Local Funds
Utica Meet and Pass Siding	Stakeholders identified an opportunity to construct a meet and pass siding near Utica, SD, on the BNSF Aberdeen Subdivision to reduce train delays.	Capacity	\$0	\$2.5 million	\$2.5 million	Railroad Trust Fund, BNSF Match
Rehabilitate State-Owned Napa-Platte Line Between Napa and Tyndall	Stakeholders identified an opportunity to rehabilitate and reactivate out-of-service track between Tabor, SD, and Tyndall, SD, for potential shipper.	State-of-Good-Repair; Economic Development	\$20.0 million	\$5.0 million	\$25.0 million	CRISI, RAISE, Railroad Trust Fund Loan
Restore rail service to Wagner on the Napa-Platte Line	Stakeholders identified an opportunity to rehabilitate and reactivate out-of-service track between Tyndall, SD, and Wagner, SD, to enable grain shipments to resume.	State-of-Good-Repair; Economic Development	TBD	TBD	TBD	CRISI, RAISE, Railroad Trust Fund Loan

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Studies and Projects	Description	General Project Benefits	Estimated Federal Funding	Estimated Non-Federal Funding	Estimated Total Project Cost	Potential Funding Source(s)
Wagner Grain Shuttle Terminal	Stakeholders identified an opportunity to construct a rail-served grain shuttle terminal near Wagner, SD, on the Napa-Platte Line.	Reduce Highway Impacts; Economic Development	\$0	TBD	TBD	Private Funding, Railroad Trust Fund Loan, Private Match
South Dakota Soybean Processors - Mitchell Processing Facility	South Dakota Soybean Processors proposes to construct a new rail-served soybean processing facility south of Mitchell, SD, along the BNSF Aberdeen Subdivision. The project would involve construction of new industrial loop track to allow BNSF to serve the facility.	Economic Development	\$0	\$13.8 million	\$13.8 million	Private Funding, Railroad Trust Fund Loan
South Dakota Intermodal Container Terminal	Stakeholders identified the opportunity to construct a terminal suitable for handling shipping containers by rail in South Dakota to provide an alternative to the long-distance trucking of containers to and from existing St. Paul, MN; Omaha, NE; and Denver, CO terminals. A specific site or location has not yet been proposed.	Reduce Highway Impacts; Economic Development	TBD	TBD	TBD	CRISI, Local Funds, Private Funding
South Dakota Mega-Development Site	Stakeholders identified the opportunity to plan for a future rail-served mega-development site to support a large-scale manufacturer seeking to locate in South Dakota. A specific site or location has not yet been selected.	Reduce Highway Impacts; Economic Development	TBD	TBD	TBD	TBD

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Table 69: Stakeholder-Proposed Potential Future Highway-Rail Grade Crossing Safety and Quality of Life Projects

Studies and Projects	Description	General Project Benefits	Estimated Federal Funding	Estimated Non-Federal Funding	Estimated Total Project Cost	Potential Funding Source(s)
City of Sioux Falls Crossing Closures	Ellis & Eastern Railroad identified the opportunity to collaborate with the City of Sioux Falls to close six highway-rail grade crossings in the heart of Sioux Falls, SD between MP 59.3 and MP 60.6 for the purpose of improving safety.	Safety	\$0	\$0.4 million	\$0.4 million	Local Funds
Install Gates at Garfield Avenue in Dell Rapids (DOT# 381716D)	Proposed highway-rail grade crossing safety improvement (signal installation)	Safety	\$0.3 million	\$0	\$0.3 million	Section 130
Install Flashing Light Signals and Gates on County Road 9 near Britton (DOT# 067500K)	Proposed highway-rail grade crossing safety improvement (signal installation)	Safety	\$0.3 million	\$0	\$0.3 million	Section 130
Install Flashing Light Signals and Gates at Main Street in Kimball (DOT# 386090T)	Proposed highway-rail grade crossing safety improvement (signal installation)	Safety	\$0.3 million	\$0	\$0.3 million	Section 130
Install Flashing Light Signals and Gates at 397th Avenue in Mt. Vernon (DOT# 386052J)	Proposed highway-rail grade crossing safety improvement (signal installation)	Safety	\$0.3 million	\$0	\$0.3 million	Section 130
Construct Grade Separation at 471st St (Marion Rd) near Sioux Falls (DOT# 097254J)	Stakeholders identified an opportunity to construct a new highway-rail grade separation (overpass) north of Sioux Falls, SD, for a future truck route near Foundation Park.	Safety	\$12.0 million	\$3.0 million	\$15.0 million	CRISI, RCE, Local Funds

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Studies and Projects	Description	General Project Benefits	Estimated Federal Funding	Estimated Non-Federal Funding	Estimated Total Project Cost	Potential Funding Source(s)
Construct Grade Separation at 259th St near Sioux Falls (DOT# 097252V)	Stakeholders identified an opportunity to construct a new highway-rail grade separation (overpass) north of Sioux Falls, SD, for a future truck route near Foundation Park.	Safety	\$12.0 million	\$3.0 million	\$15.0 million	CRISI, RCE, Local Funds
Improve Vertical Clearance at 460th Ave near Madison (DOT# 381187X)	Stakeholders identified an opportunity to improve vertical clearance at the existing railroad underpass at 460th Ave (CR 23) near Madison, SD.	Safety	TBD	TBD	TBD	CRISI, RCE, Local Funds
Improve Vertical Clearance at Main Street in North Sioux City (DOT# 382080Y)	Stakeholders identified an opportunity to improve vertical clearance at the existing railroad underpass at Main Street (SD 105) in North Sioux City, SD.	Safety	TBD	TBD	TBD	CRISI, RCE, Local Funds
Sioux Falls Whistle Reduction Effort	City of Sioux Falls proposes to develop a whistle quiet zone in Downtown Sioux Falls by implementing supplemental safety measures at select crossings. Crossings proposed for improvement are Weber Avenue (DOT# 097880B), 6 th Street (DOT# 097881H), and 8 th Street (DOT# 075587Y).	Quality of Life	\$0	\$5.4 million	\$5.4 million	CRISI, STC, RCE, Local Funds
Downtown Rapid City Railroad Quiet Zone	Opportunity to develop whistle quiet zone in Downtown Rapid City as identified in Rapid City Quiet Zone Assessment (2018).	Quality of Life	\$0	\$6.0 million	\$6.0 million	CRISI, STC, RCE, Local Funds
Brookings Railroad Quiet Zone	Opportunity to develop city-wide whistle quiet zone in Brookings, SD.	Quality of Life	TBD	TBD	TBD	CRISI, STC, RCE, Local Funds
Box Elder Railroad Quiet Zone	Opportunity to develop city-wide whistle quiet zone in Box Elder, SD.	Quality of Life	TBD	TBD	TBD	CRISI, STC, RCE, Local Funds

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CHAPTER 6: COORDINATION AND REVIEW

INTRODUCTION

This chapter describes how SDDOT involved stakeholders and the public in the coordination necessary to develop the South Dakota State Rail Plan.

SDDOT actively engaged stakeholders at the earliest stages of the project. Key stakeholders included members of a Technical Panel, railroads operating within the state, and rail shippers. Other stakeholders involved were local, regional, and state government staff, elected officials, economic development agencies, special interest and advocacy groups, and the general public. Stakeholder involvement included participation in freight and passenger rail planning activities, identifying the freight and passenger rail priorities and goals for South Dakota, and identifying needs, issues, and potential future investments for rail to ensure improved freight and passenger rail service moving forward.

SDDOT facilitated specific, targeted outreach efforts to encourage participation from key stakeholders. Stakeholders were contacted by email or phone to coordinate individualized interview discussions with key project staff and advisors.

SDDOT then held four in-person public and stakeholder meetings at locations throughout the state which were widely promoted via physical mailings, newspaper ads, a press release, an email list, and social media posts. Meeting locations included Sioux Falls, Mitchell, Aberdeen, and Rapid City. Attendees at these meetings included railroad representatives, rail shippers, economic development agencies, local government staff, elected officials, special interest and advocacy groups, and other interested members of the public. A virtual, self-paced meeting was also available for 30 days after the in-person events for individuals who were unable to attend. The virtual component included all information shared at the in-person meetings as well as a short survey and comment form.

Later, SDDOT held one additional in-person workshop in Pierre, South Dakota to review the findings of the Draft State Rail Plan. The meeting was held at the Becker-Hansen building, directly following a State Railroad Board Meeting. A call-in option was available for participants to attend by phone. A virtual, self-paced meeting was again available for 30 days after the in-person event with information presented at the workshop. The Draft State Rail Plan chapters were uploaded to the State Rail Plan website and the virtual comment form remained open for comments.

SDDOT continued to solicit input throughout the process via the project website and through ongoing coordination with contacts who participated in the earlier phases of engagement.

6.1 APPROACH TO PUBLIC AND AGENCY PARTICIPATION

This section describes the approach to public and agency participation in the development of the State Rail Plan including public noticing, opportunities for public and agency participation, and how comments were collected.

Stakeholder engagement activities were important in order for the project team to understand current rail operations throughout South Dakota and to gain a better understanding of the needs and opportunities that affect various parties who all have a vested interest in rail transportation.

6.1.1 INITIAL STAKEHOLDER OUTREACH

In the initial phases of the project, the project team conducted virtual, individualized interviews with SDDOT staff, members of the Technical Panel, and other relevant rail industry stakeholders, as identified through coordination with SDDOT.

The project team gathered information about each interviewee's role, responsibilities, and any specific goals and research objectives for the State Rail Plan effort.

The project team then asked each interviewee a series of questions related to:

- Specific data needs and/or research topics, to verify the documents are produced to provide maximum utility to the SDDOT;
- Perceived status of rail infrastructure in South Dakota generally, to qualitatively assess conditions of rail and rail funding in South Dakota, while highlighting particular areas of concern on a corridor, project, or policy level;
- Perceived strengths of SDDOT's rail investment programs, in addition to perceived limiting factors, to enable evaluation of SDDOT's current practices and policies for rail investment;
- Past successes and challenges experienced in implementing investments for rail improvement projects, both for State-owned and privately held assets, to illustrate through example how policies and projects intersect through established project delivery practices; and,
- Concerns or considerations associated with the state and federal policies affecting rail development options within South Dakota, to verify the documents address policy shortcomings or provide appropriate policy clarifications

The overall intent of the stakeholder interview process was to gather information to describe the economic function of rail operations in the state and gain insight into the challenges facing the rail industry in South Dakota from both regulatory and economic perspectives. The project team documented stakeholder interviews by producing detailed meeting notes for internal use.

6.1.1.1 STAKEHOLDER INTERVIEWS COMPLETED

TECHNICAL PANEL MEMBERS

Prior to the initiation of planning and outreach activities related to this State Rail Plan update, SDDOT selected a group of advisors who represent key state agencies and industries to serve as a Technical Panel. The Technical Panel was engaged early in the rail plan update process to provide guidance and direction to the project team staff. Each Technical Panel member was interviewed to obtain their input on key goals and research objectives for the Rail Investment Guide and State Rail Plan effort.

The details of the Technical Panel interviews completed are listed in **Table 70**.

Table 70: Technical Panel Interviews Completed

Name	Organization	Role	Date Completed
Brad Carson	MRC Regional Rail Authority	Chairman	October 18, 2021
Jack Dokken	SDDOT	Air, Rail & Transit Program Manager	October 20, 2021
Lance Birger	SDDOT	Highway-Rail Safety Engineer	October 20, 2021
Jerry Ortbahn	SDDOT	Planning Squad Leader	October 20, 2021
Sarah Gilkerson	SDDOT	MPO Coordinator	October 20, 2021
Trish Kindt	South Dakota Department of Agriculture and Natural Resources	Scientist Manager	October 22, 2021
DaNita Murray	South Dakota Corn Growers	Executive Director	January 5, 2022
Becky Pitz	South Dakota Ethanol	General Manager	October 28, 2021
Steve Scharnweber	South Dakota State Railroad Board	Board Member	October 29, 2021
Joe Fiala	South Dakota Governor's Office of Economic Development	Partner Relations Director	November 1, 2021

RAILROAD REPRESENTATIVES

All railroads currently operating in South Dakota were invited to participate in the initial stakeholder outreach phase. Railroad representatives including local management, public projects staff, and government affairs personnel were interviewed in order to gather insight and perspective on current railroad needs and opportunities in South Dakota.

Members of the project team arranged and conducted the interviews. Each potential interviewee received an initial contact email or phone call with details and background about the South Dakota State Rail Plan, an explanation of how the interview process would be conducted, and an invitation to participate.

A total of 14 individuals from 9 different railroads participated in the confidential interviews during November and December 2021, which lasted approximately 30 to 60 minutes each.

The details of the railroad interviews completed are listed in **Table 71**.

Table 71: Railroad Interviews Completed

Name	Organization	Role	Date Completed
Scott Van Den Top	Dakota & Iowa Railroad (D&I / DAIR)	Shipping Coordinator	November 2, 2021
Mark Wegner	Twin Cities and Western Railroad (TCWR) dba Sisseton Milbank Railroad (SMRR)	President	November 3, 2021
Dan Kippley	Ellis and Eastern Railroad (EE)	Economic & Business Development	November 4, 2021
Arielle Giordano	Canadian Pacific Railway (CP)	Director, Federal & State Government Affairs	November 3, 2021
Jerry Vest	Rapid City, Pierre & Eastern Railroad (RCPE)	Senior Vice President, Government & Industry Affairs	November 9, 2021
Heath Haden	Dakota Southern Railway (DSRC)	Vice President of Operations	November 10, 2021
Laura McNichol	Ringneck & Western Railroad (RWRR)	Vice President, Government and Industry Relations	November 19, 2021
Doug Conway	Ringneck & Western Railroad (RWRR)	Vice President of Sales	November 19, 2021
Kley Cameron	Ringneck & Western Railroad (RWRR)	General Manager	November 19, 2021
Josh Klossen	Ringneck & Western Railroad (RWRR)	Sales Manager	November 19, 2021
Meg Warder	Black Hills Central Railroad (BHC)	General Manager	November 23, 2021
Alexander Fiorini	BNSF Railway	Public Projects Manager	December 15, 2021
Richard Scott	BNSF Railway	Assistant Director Public Projects	December 15, 2021
Mark Trottier	Dakota, Missouri Valley, and Western Railroad (DMVW)	Manager of Marketing & Business Development	December 20, 2021

FREIGHT SHIPPERS

Project team staff identified current freight rail shippers to be interviewed in order to gather insight and perspective on the current state of freight rail service in South Dakota. Members of the project team arranged and conducted the interviews. Each potential interviewee received an initial contact email or phone call with details and background about the South Dakota State Rail Plan, an explanation of how the interview process would be conducted, and an invitation to participate. Four South Dakota rail shippers participated in the confidential interviews during October and November 2021, which lasted approximately 30 minutes each. Participants included two agricultural shippers, a manufacturer, and a logistics and warehousing provider. Shippers that were interviewed used a mix of Class I, Class II, and Class III railroads, as well as trucks to transport their freight.

The details of the freight shipper interviews completed are listed in **Table 72**.

Table 72: Freight Shipper Interviews Completed

Industry Type	Location	Date Completed
Agriculture	Sully County	October 19, 2021
Manufacturing	Roberts County	November 9, 2021
Logistics and Warehousing	Minnehaha County	November 12, 2021
Agriculture	Brown County	November 15, 2021

PASSENGER RAIL ADVOCACY GROUPS

An interview of a passenger rail advocacy group with interest in South Dakota was conducted by phone during October 2021. The project team arranged and conducted the interview. The participant received an initial contact email with details and background about the South Dakota State Rail Plan, the role of passenger rail user interviews in the state rail plan development process, how the interview process would be conducted, and an invitation to participate. Only one individual participated in the confidential interview, which lasted approximately one hour.

The details of the passenger rail advocacy group interview are summarized in **Table 73**.

Table 73: Passenger Rail Interview Completed

Name	Organization	Role	Date Completed
Dan Bilka	Greater Northwest Passenger Rail Coalition / All Aboard Northwest / Rail Passengers Association	Coordinator	October 15, 2021

6.1.2 PUBLIC AND STAKEHOLDER MEETINGS

After the initial stakeholder engagement phase, SDDOT held four in-person public and stakeholder meetings throughout the state to support the development of the State Rail Plan, in Sioux Falls, Mitchell, Aberdeen, and Rapid City. Details of these meetings are provided in the sections below.

At each of the four meetings, the project team presented information about the purpose of state rail planning, the FRA requirements for state rail plans, an overview of the history and existing conditions of the rail network in South Dakota, and a discussion of current needs and opportunities related to rail.

Meetings and communications were designed to facilitate participation and foster meaningful engagement. Following the presentation portion of each meeting and a brief question and answer session, participants were invited to engage in informal breakout discussions with project team staff to discuss rail-related topics pertinent to the following three themes:

- Freight and Economic Development
- Safety and Quality of Life
- Passenger Rail Service Development

6.1.2.1 SIOUX FALLS

The first public meeting was held at the Siouxland Libraries Downtown Library in Sioux Falls at 6 p.m. on February 28, 2022. SDDOT rail staff present included Jack Dokken and Misty Siedschlaw. There were 14 other attendees, listed in **Table 74** below.

Table 74: Attendees at Sioux Falls Public Meeting

Name	Organization
Mavis Best	South Dakota Soybean Processors
Dan Bilka	All Aboard Northwest
Dan Kippley	Ellis & Eastern Railroad
Scott Van Den Top	D & I Railroad
Jim C. Jibben	Lincoln County
Adam Molseed	SD GOED
Joe Meader	Lincoln County
Justin Bentaas	Sioux Falls Development Foundation
Eric Berning	Ellis & Eastern Railroad
Clark Meyer	Sweetman Construction
Jeff Herbert	
Shannon Ausen	City of Sioux Falls
Sheldon Jensen	Sioux Metro Growth Alliance
Mike Jaspers	East River Electric Cooperative

6.1.2.2 MITCHELL

The second public meeting was held at the James Valley Community Center in Mitchell at 6 p.m. on March 1, 2022. SDDOT rail staff present included Jack Dokken and Perry Griffith. There were 11 other attendees, listed in **Table 75** below.

Table 75: Attendees at Mitchell Public Meeting

Name	Organization
John Claggett	Davison County
J.D. Studey	
Gayle Van Cander	
Dick Huff	
Alex Huff	
Tony Solve	Ringneck & Western Railroad
Dan Bilka	All Aboard Northwest
Corey Larson	
Geri Beck	Mitchell Area Development Corporation
Jeff Bathke	Davison County
Mark Jennings	City of Mitchell

6.1.2.3 ABERDEEN

The third public meeting was held at the Aberdeen Area Arts Council at 6 p.m. on March 2, 2022. SDDOT rail staff present included Jack Dokken and Perry Griffith. There were 10 other attendees, listed in **Table 76** below.

Table 76: Attendees at Aberdeen Public Meeting

Name	Organization
Dan Bilka	All Aboard Northwest
Mark Trottier	Dakota, Missouri Valley and Western Railroad
Mark Peterson	SDDOT
Kirk Jones	Marshall County Regional Railroad Authority
Duane Dinger	Marshall County Regional Railroad Authority
James Meyers	
Dustin Buntrock	Agtegra Cooperative
Scott Bader	Brown County
Norma Hall	
Stewart Hall	3M

6.1.2.4 RAPID CITY

The fourth and final public meeting was held at the Rapid City Public Library in Rapid City at 5 p.m. on March 3, 2022. SDDOT rail staff present included Misty Siedschlaw and Perry Griffith. There were 14 other attendees, listed in **Table 77** below.

Table 77: Attendees at Rapid City Public Meeting

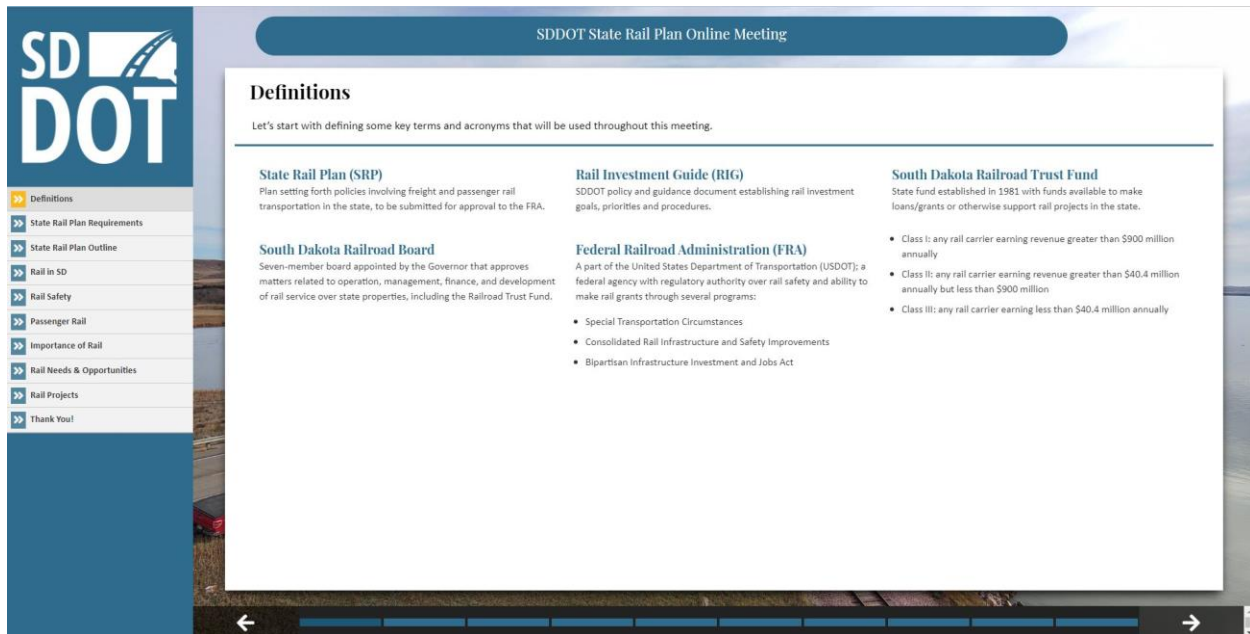
Name	Organization
Dan Bilka	All Aboard Northwest
Karen Wagner	Belle Fourche Chamber of Commerce
Jim Doolittle	Belle Fourche Chamber of Commerce
Hollie Stalder	Belle Fourche Economic Development Corporation
Jeff Burket	State Railroad Board
Larry Schmaltz	
Mike Grimm	Black Hills Central Railroad
Brittney Molitor	Pennington County
Jason Theunissen	Pennington County
Hannah Sage	SD GOED
Jerry Vest	Rapid City, Pierre & Eastern Railroad
Mike Kellar	Rapid City, Pierre & Eastern Railroad
Kip Harrington	City of Rapid City
Bruce Lindholm	Grant Solutions

6.1.2.5 ONLINE PUBLIC MEETING

A self-paced Online Public Meeting (shown in **Figure 37** below) was live at <https://www.southdakotasrp.com/onlinemeeting/> and remained active until April 3, 2022.

The Online Public Meeting included all of the information presented at the in-person public meetings, including key definitions, information about the FRA State Rail Plan requirements, background on the state's existing rail network, and discussion of the current needs and opportunities being considered.

Figure 37: Online Public Meeting



MEETING ANALYTICS

Table 78 below lists data collected regarding user engagement with the Online Public Meeting.

Table 78: Online Public Meeting User Statistics

Measure	Result
Total Users	43 users
Total Page Views	62 views
Average Engagement Time	3 minutes, 14 seconds
Users by Device Type:	Desktop: 36 users Mobile: 5 users Tablet: 2 users
Users by Acquisition Method:	Direct Link: 32 users Social Media Post: 9 users Search Engine Result: 2 users

6.1.3 DRAFT STATE RAIL PLAN WORKSHOP

Following the preparation of the Draft State Rail Plan, SDDOT held an additional in-person workshop in Pierre, South Dakota to review the findings of the draft plan and solicit further input from stakeholders.

The Draft State Rail Plan Workshop was held at the SDDOT headquarters (Becker-Hansen Building) in the commission room from 3 p.m. to 5 p.m. on June 15, 2022. A call-in option was available for participants to attend by phone. SDDOT staff present included Kellie Beck (Director of Finance and Management), Jack Dokken (Air, Rail & Transit Program Manager), Misty Siedschlaw (Transportation Specialist), and Perry Griffith (Transportation Specialist). There were 13 other attendees, listed in **Table 79** below.

The project team presented key themes from each chapter of the Draft State Rail Plan and placed South Dakota's current rail needs and opportunities in the context of the multiple targeted federal funding opportunities available over the years 2022 through 2025 as a result of the Bipartisan Infrastructure Law. The project team emphasized that this update to the rail plan is a tool that SDDOT and other stakeholders can use to strategize for how best to leverage upcoming funding opportunities over the next four to five years.

Table 79: Attendees at Draft State Rail Plan Workshop

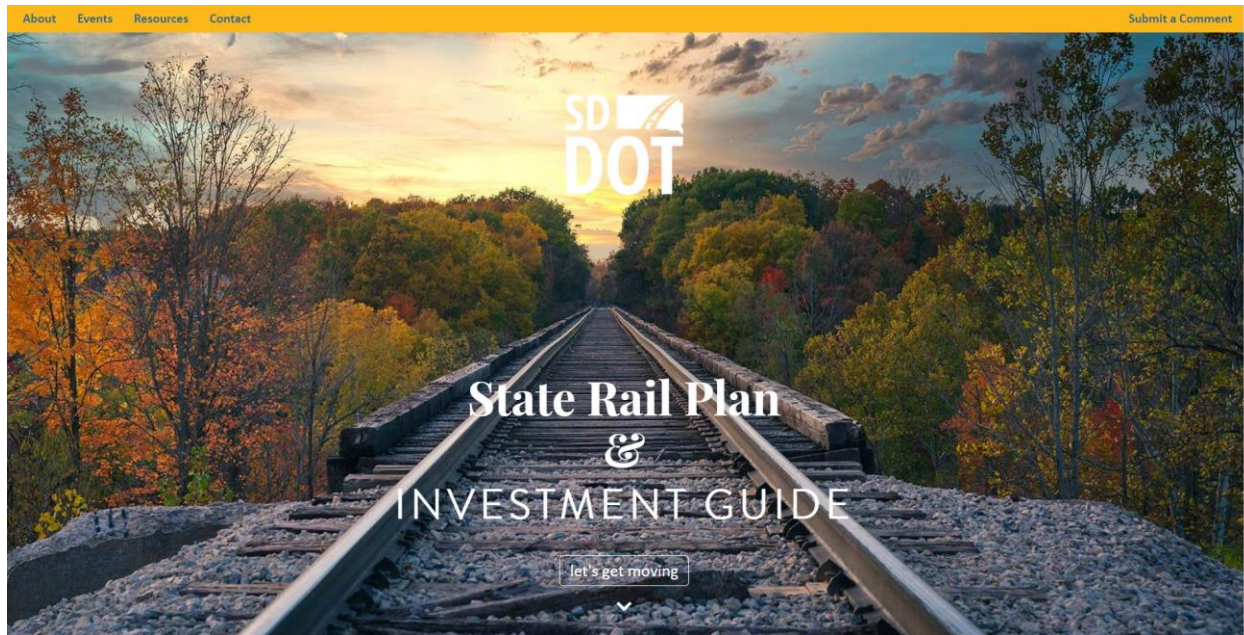
Name	Organization
Jerry Vest	Rapid City, Pierre & Eastern Railroad
Mark Trottier	Dakota, Missouri Valley and Western Railroad
Scott Van Den Top	D & I Railroad
Dan Kippley	Ellis & Eastern Railroad
Ryan Yanez	Ringneck & Western Railroad
Tom Kersting	South Dakota Soybean Processors
Mavis Best	South Dakota Soybean Processors
Bruce Lindholm	Grant Solutions
Jerry Cope	South Dakota State Railroad Board
Jack Nelson	South Dakota State Railroad Board
Alex Fiorini	BNSF Railway
Dan Bilka	Greater Northwest Passenger Rail Coalition
Debra Owen	Greater Sioux Falls Chamber of Commerce

6.1.4 STATE RAIL PLAN WEBSITE

A project webpage (www.southdakotasrp.com – shown in **Figure 38** below) was used to serve as an online information center for all potential stakeholders by providing ongoing information about the South Dakota State Rail Plan update process and progress.

The website included information related to the goals and objectives for the state rail planning process, the timeline for plan development, events, existing documents and resources, contact information, and a comment form.

Figure 38: State Rail Plan Website



6.1.5 SOCIAL MEDIA PROMOTION

Public engagement opportunities, including in-person meetings and workshops as well as the Online Public Meeting, were promoted via SDDOT's official social media accounts including Facebook, Twitter, and LinkedIn.

Examples of Facebook posts are shown in Figure 39, Figure 40, Figure 41, Figure 42, and Figure 43.

Figure 39: Social Media Post on Facebook – Promoting Project Website

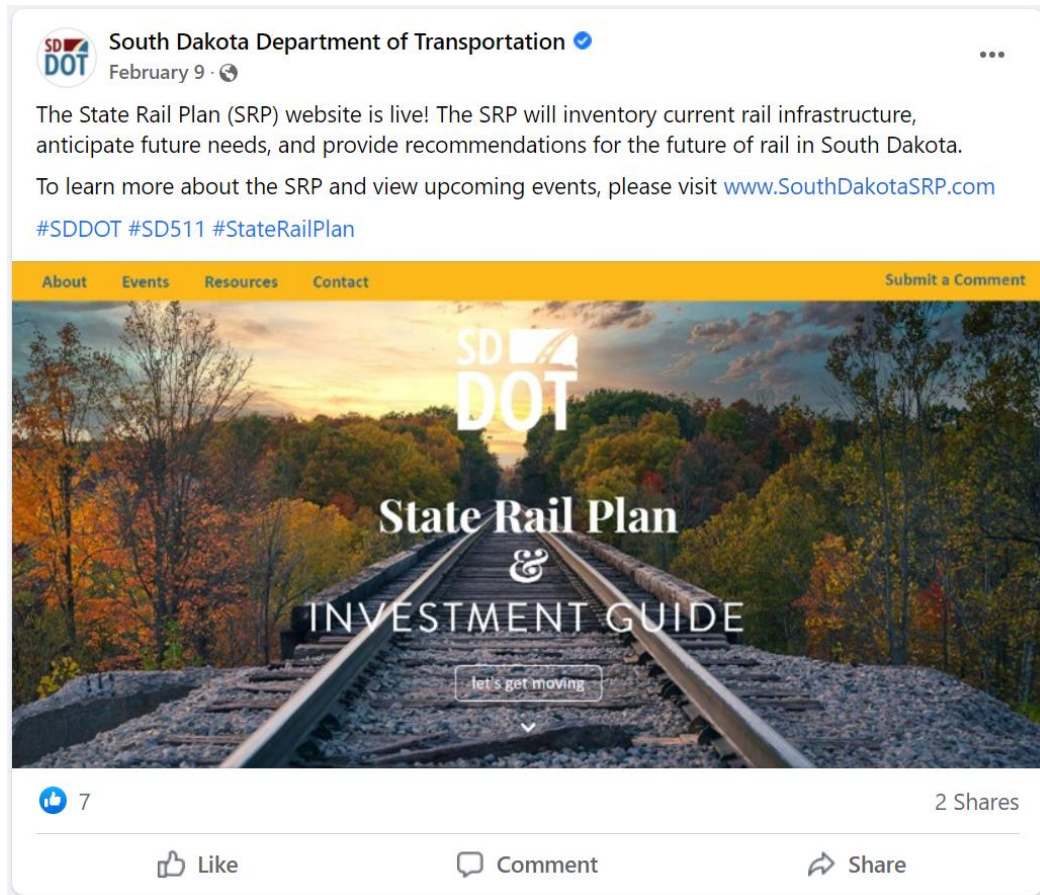


Figure 40: Social Media Post on Facebook – Promoting In-Person Public Meetings

South Dakota Department of Transportation ✓
February 14 · 🌐

Mark your calendars – the State Rail Plan (SRP) meetings are taking place in various locations around the state starting February 28.

These meetings are open to industry stakeholders and the general public. Use the schedule below to find a meeting near you!

To learn more about the SRP, please visit www.SouthDakotaSRP.com... See more

South Dakota Department of Transportation (SDDOT) is hosting four public meetings across the state to gather stakeholder and public input on the development of the State Rail Plan (SRP).

www.SouthDakotaSRP.com

Sioux Falls	Mitchell	Aberdeen	Rapid City
Monday February 28, 2022 6 - 7:30 p.m. CT Downtown Library Meeting Room A/B 200 N. Dakota Ave. Sioux Falls, SD 57104	Tuesday March 1, 2022 6 - 7:30 p.m. CT James Valley Community Center 300 W. 1st Ave. Mitchell, SD 57301	Wednesday March 2, 2022 6 - 7:30 p.m. CT Aberdeen Recreation and Cultural Center 225 3rd Ave. SE Aberdeen, SD 57401	Thursday March 3, 2022 5 - 6:30 p.m. MT Rapid City Public Library Downtown Community Room 610 Quincy St. Rapid City, SD 57701

Project Contacts:

Jack Dokken, SDDOT
605-773-7045
jack.dokken@state.sd.us

Cat Dobbs, HDR
202-969-6482
catherine.dobbs@hdrinc.com

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DEPARTMENT OF
TRANSPORTATION

4

1 Share

Like Comment Share

Figure 41: Social Media Post on Facebook – Promoting Online Public Meeting

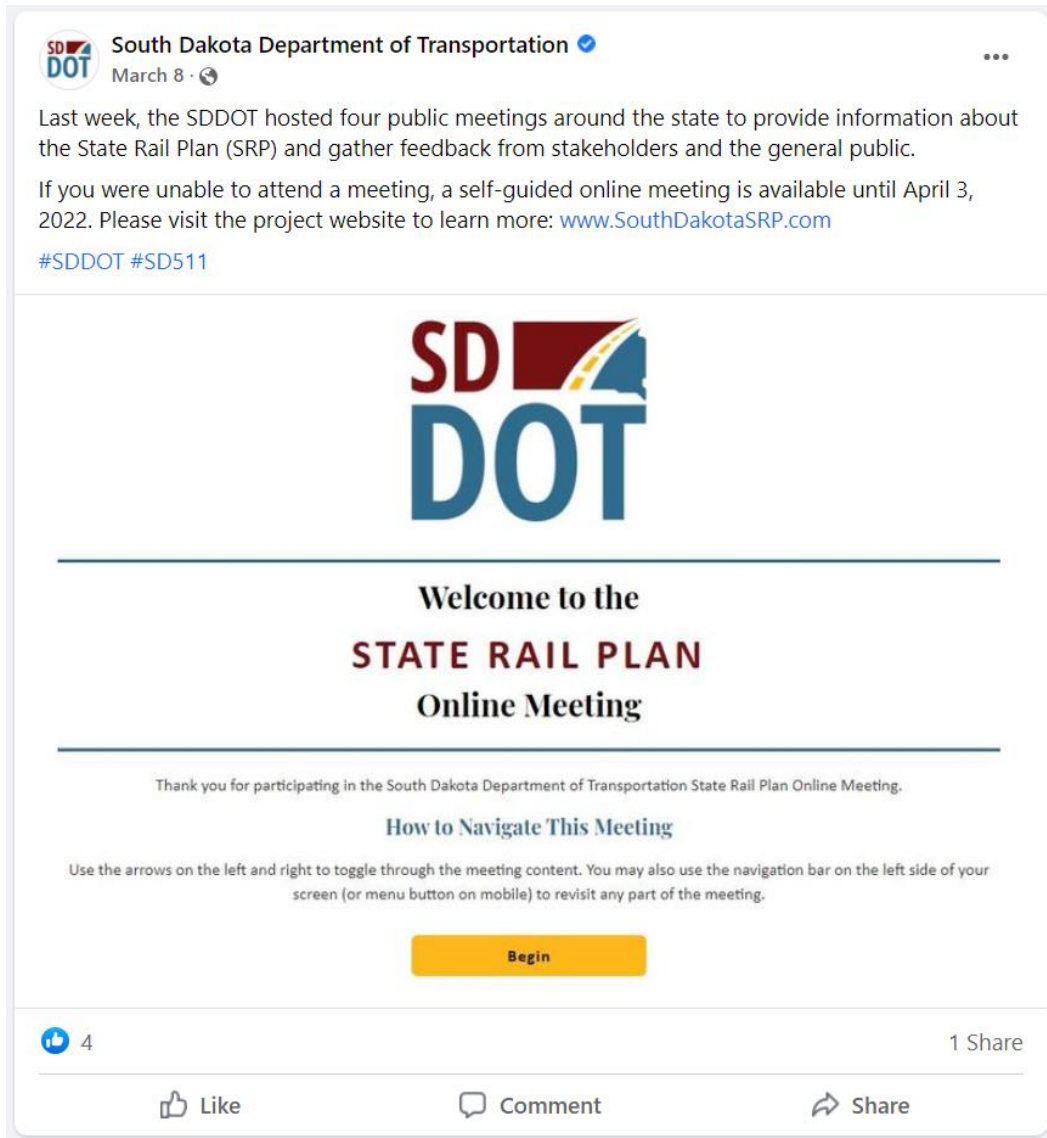


Figure 42: Social Media Post on Facebook – Follow Up After In-Person Meetings

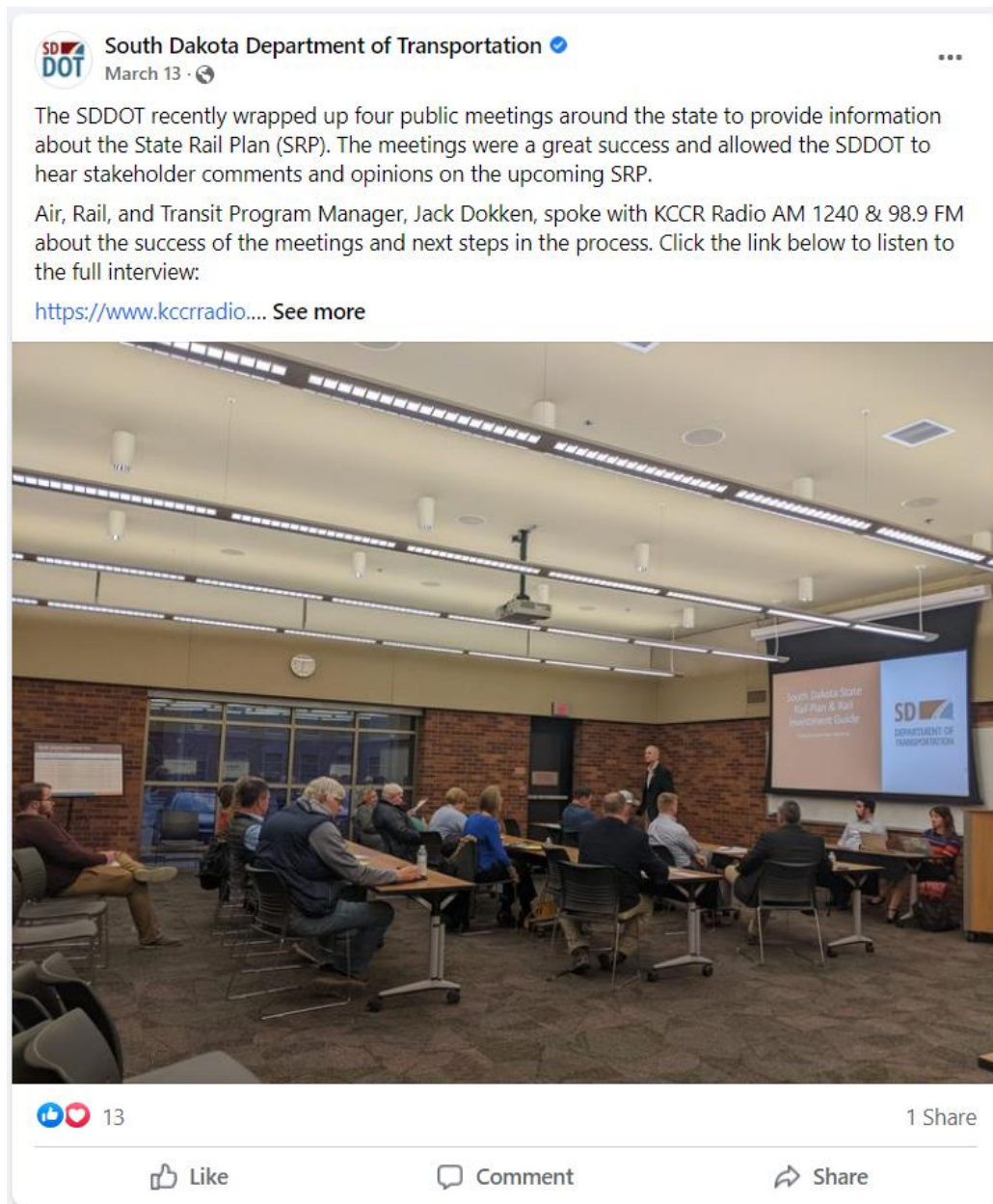


Figure 43: Social Media Post on Facebook – Promoting Draft State Rail Plan Workshop

**South Dakota Department of Transportation** ✓
June 1 at 9:03 AM · 🌐

Mark your calendars – the State Rail Plan (SRP) draft plan workshop is taking place in two weeks on June 15, 2022, from 3 – 5 p.m. at the SDDOT offices in Pierre.

These meetings are open to industry stakeholders and the general public. To learn more about the SRP, please visit: www.SouthDakotaSRP.com

#SDDOT #SD511 #StateRailPlan

The **South Dakota Department of Transportation (SDDOT)** is hosting a workshop to address the draft State Rail Plan/Rail Investment Guide. Members of the public and industry stakeholders are encouraged to attend to review plan information and provide input prior to the completion of the project.

www.SouthDakotaSRP.com

Meeting Information

**Wednesday,
June 15, 2022**
3 - 5 p.m. CT

**SDDOT - Room B15
(Becker-Hansen Building)**
700 E. Broadway Ave.
Pierre, SD 57501

Project Contacts:

Jack Dokken, SDDOT
605-773-7045
jack.dokken@state.sd.us

Cat Dobbs, HDR
202-969-6482
catherine.dobbs@hdrinc.com



 2

1 Share

 Like

 Comment

 Share

6.2 COORDINATION OF STATE RAIL PLAN WITH NEIGHBORING STATES

SDDOT is in regular contact with neighboring state partners. Neighboring state DOTs will be invited to review a draft of the South Dakota State Rail Plan and provide comments before it is finalized.

6.3 STAKEHOLDER PARTICIPATION DURING PREPARATION AND REVIEW

Railroads, rail shippers, public entities within the state, units of local government, and other interested parties were involved in the preparation and review of the State Rail Plan. A Stakeholder and Public Engagement (SPE) Plan was developed to support the development of the State Rail Plan. The SPE Plan identified the tools, strategies, and messages that would help guide engagement efforts as the project moves forward.

Key stakeholders and industry representatives that were necessary to include in the early information-gathering phase of this project were identified and contacted. Later, representatives of the railroads operating in the state, along with staff from federal and state agencies, local and regional governments, regional railroad authorities, and general public groups (including advocacy organizations interested in passenger rail), were invited to participate in next phases of the engagement process. Meetings and communications were designed to facilitate participation and foster meaningful engagement.

6.4 ISSUES RAISED DURING THE PREPARATION OF THE STATE RAIL PLAN

6.4.1 KEY THEMES FROM STAKEHOLDER DISCUSSIONS

Listed below are key themes identified during stakeholder outreach activities. These themes informed research objectives during the development of the State Rail Plan.

- Westward expansion of agricultural production is a South Dakota economic success story.
 - Agricultural growth is driving the need for rail upgrades and new freight facilities in the area immediately west of the Missouri River.
- Opportunities for Investment versus Divestment.
 - There is currently a lack of dedicated funding for Regional Railroad Authorities and a lack of dedicated funding for the Railroad Trust Fund; State rail funding must be sustained through other means.
 - Investment requires strategic foresight – the State acted proactively in 1980 to preserve rail service for existing and future shippers.
 - Divestment of existing State-owned assets provides revenue for Railroad Trust Fund, which provides South Dakota with flexibility to selectively fund proposed freight rail improvement projects through grants, loans, and matching funds for competitive federal grant programs.
 - Stakeholders indicated there is a need to balance and clarify the State’s funding priorities (regarding state-of-good-repair and economic development).

- Federal grants are facilitating rail improvements throughout South Dakota.
 - South Dakota is successfully leveraging federal funding through programs such as RAISE, CRISI, and STC for major rail rehabilitation and industrial development projects.
 - South Dakota’s eligibility for the STC program hinges on the absence of Amtrak passenger rail service within the state.
- Passenger rail can connect and provide safe, comfortable, and reliable alternative transportation between isolated regions and major metropolitan areas.
 - Advocates are promoting the establishment of a formal working group at the federal level to thoroughly explore options to reintroduce passenger rail service across the “Greater Northwest” region including Minnesota, North Dakota, South Dakota, Wyoming, Montana, Idaho, Washington, and Oregon.
 - Outside of the advocacy sphere, there is doubt among other stakeholders as to whether South Dakota has the appropriate population density to justify investments in developing and operating passenger rail service.
 - Rail industry stakeholders are concerned about potential impacts on freight movement if passenger trains were introduced to existing corridors without significant capacity improvements.
 - Intercity bus service and connecting feeder transit services provide alternative transportation in South Dakota currently.
- There are opportunities to further enhance freight rail velocity, reliability, and competitiveness.
 - Need to continue to invest in state-of-good-repair and resiliency.
 - Need to mitigate terminal/interchange congestion.
 - Need to prevent Intermittent industry shutdowns due to shipment delays.
 - Need for continued industrial development to increase rail carrier revenue and cash flow.
- Opportunities for further partnerships to improve highway-rail grade crossing safety and quality of life.
 - There is a significant opportunity to pursue and apply a corridor-based approach for identifying and implementing highway-rail grade crossing safety projects.
 - Municipalities wish to better understand the process for establishing whistle quiet zones and identify applicable funding opportunities.
 - Local and regional governments have a desire to pursue grade separations and mitigate blocked crossings.

6.4.2 PUBLIC COMMENTS RECEIVED

Below are reproductions of physical comment cards submitted during the four in-person public meetings, as well as comments received via the Online Public Meeting, or through the State Rail Plan webpage.

Name	Shannon Ausen
Meeting	Sioux Falls
<ul style="list-style-type: none"> • State should participate in more Quiet Zone study/formation/implementation to improve quality of life • State should help (\$) with closures of at-grade crossing studies • State should establish policies/procedures for cities when working with BNSF. The time it takes to coordinate with BNSF is very lengthy, confusing, and expensive. • Great presentation, very informative, thanks for the opportunity to discuss 	

Name	Jeff Herbert
Meeting	Sioux Falls
I am an advocate for Amtrak in SD. Whether Milbank → Aberdeen/Rapid City/Wy/Colorado or Sioux Falls → Minneapolis/Omaha. I ride Amtrak often (would like to see an Amtrak promo train)	

Name	Jerry Vest
Meeting	Rapid City
<ol style="list-style-type: none"> 1. Excellent summary of what a state rail plan should include and cover 2. Need to discuss further targeting of investment and related public benefits between state rail network maintenance/enhancement vs expansion 3. Plan needs to incorporate, by county, SD population per sq. mile and total grain production per acre – demonstration East River vs West River 4. Tied to above – very important to highlight derived demand reality of rail service whether passenger or freight, for any expansion/new rail service 	

Name	James L. Doolittle
Meeting	Rapid City
<p>Very concise, organized & informative presentation. Good historical perspective about rail development in South Dakota. Outstanding presentation! Opportunities & needs were presented well. Project updates – good info. I have been involved with the development of the Belle Fourche Industrial & Rail Park for the past 8-10 years. Have received great support from the SD State Rail Board. GREAT ENGAGEMENT OPPORTUNITY. David, Cat & Ally did a great job!</p>	

Name	N/A
Meeting	Aberdeen
<p>Nice overview. The current targets appear to still be needs; rural expansion to contain key locations need to be a factor considered so rural projects can compete for funding opportunities.</p>	

Name	Bruce Lindholm
Meeting	Rapid City
<p>Investment Guide – support economic growth & development – support Class III RRs – I recommend consideration given to various project types – economic development track vs mainline track projects for STC & State RR trust fund grant projects. Projects on Class III Railroads are often small and/or disadvantaged communities and the development means a lot to that community. In addition, our loads are very important to Class III Railroads</p>	

Chapter 6: Coordination and Review

South Dakota State Rail Plan

Name	Mona Smith
Meeting	Online
Hello, I saw in our local news, public meetings were held in regards to railroads. I am concerned with my local crossing in Fort Pierre. I live at 401 West Park Avenue and there is no alternative exit if a train has blocked the road. If someone has a health issue or emergency people could not get out. Is this crossing being addressed? Thank you.	

Name	Mark Miller
Meeting	Online
I didn't know about the State Rail meetings until late in the evening the day of the meeting in Sioux Falls. I would love to see passenger rail service in Sioux Falls, connecting to Omaha and Minneapolis. I would also love to see service between Sioux Falls and Rapid City/Deadwood, but realize that would be a far-fetched fantasy. I would use rail passenger service as an alternative to flying. I'm currently planning a rail trip from Kansas City to Williams, AZ. If rail service was more convenient, I personally would look at planning more rail trips across the US. I also think we need to do more to make transporting by container trains more feasible, to reduce our dependence on trucking and save wear and tear on our roads. It saddens me to see rail right-of-ways sold off. Once those right-of-ways are gone, there's very little chance for future access and commercial development.	

Name	Steve Mikkelsen
Meeting	Online
As a farmer located North of Burke, SD we are in desperate need of lower cost transportation for our products produced and used for inputs in agriculture.	
Analyze the tonnage of ag products produced and used for inputs for each rail termination site. Rail termination (end of the line) sites have a greater potential to provide a larger economic benefit for a larger production area of South Dakota. Prioritize funding to those rail routes with the likelihood to carry the most agricultural products and inputs.	
Farms located in Gregory, Charles Mix, Douglas, Tripp counties need cheaper transportation. Rail transportation provided within Charles Mix County would provide agriculture in the counties mentioned above to ship products to a Charles Mix County rail location and backhaul other input products such as fertilizer. This would also be true for ethanol production, ethanol railed out, diesel and gasoline railed in, corn transported to the plant by truck and distiller grains trucked back out. Thus, the rail line would be afforded the ability to transport products both inbound and outbound and all truck freight serving those same agricultural customers would be able to do the same. Efficiency for both rail and truck transportation.	

Name	David Lehman
Meeting	Online
Passenger rail is under-utilized in the US and I believe the expansion and investment in it will eventually draw more people to it and make it more viable. Since Amtrak does not plan to connect SD to its network (for some reason) something has to be done by someone else.	

Name	Eric Sieh
Meeting	Online
I am considering a new business opportunity that would require a new industrial siding construction in order bring in raw materials for fertilizer. These materials would be processed in South Dakota, currently most are processed and value added out of state.	

Name	Krista Atyeo-Gortmaker
Meeting	Online
Our community relies on rail for commodity transport with ethanol and power plant. We are a community that would also benefit from passenger transport in our area. The slated bridge upgrade will be a great impact for our community and Sisseton Wahpeton Rail.	

Name	Ben Orsbon
Meeting	Online
For each "public dollar" invested in the listed rail projects how much "public benefit" will the public receive? For each "public dollar" invested in each of the listed rail projects how much "private benefit" will the private rail owner/operator receive?	

6.5 INCLUSION OF RECOMMENDATIONS IN STATE RAIL PLAN

Recommendations made by participants such as railroads, agencies, authorities, and municipalities within the state were appropriately considered and presented in the State Rail Plan. Specifically, current and future projects identified by stakeholders formed the basis for the State's updated project inventory presented in **Chapter 5**. The state rail planning process provided a venue for these potential projects to be identified and documented. The project concepts that are included in the State Rail Plan may potentially be eligible for future funding opportunities. Inclusion of a project in the State Rail Plan is an eligibility requirement for some federal funding programs and serves as an important indicator of project readiness.

Recommendations related to State policy are also being considered. Specifically, the Railroad Trust Fund grant and loan program is slated to receive additional structuring and guidance in the near future, with future priorities for the Railroad Trust Fund being informed through discussion with stakeholders.

6.6 STATE COORDINATION OF STATE RAIL PLANNING WITH OTHER TRANSPORTATION PLANNING PROGRAMS

The State coordinates state rail planning with other transportation planning programs and activities of the State and metropolitan areas. The SDDOT Office of Air, Rail, and Transit administers the State's rail programs and is the SDDOT's liaison to the South Dakota State Railroad Authority, South Dakota State Railroad Board, and the South Dakota Transportation Commission. The State Rail Plan informs and is informed by the State's other transportation planning documents, including the LRTP, the STIP, and the Freight Plan.

SDDOT and the State Rail Board will consider all relevant and applicable federal laws, regulations, policies, and Executive Orders related to equity considerations or establishing/supporting equitable practices in the management of State rail programs and implementation of rail projects within the state.