

February 1, 2012

The Honorable Scott Walker
Governor of the State of Wisconsin
115 East Capitol
Madison, WI 53702

Dear Governor Walker,

I would like to thank you and your staff for taking the time to hear the case for the State to actively pursue the purchase of the Union Pacific rail line from Madison to Reedsburg, Wisconsin. This is an issue of great economic importance to the communities and the hard working citizens of Sauk and Dane County. As chairman of the Pink Lady Rail Transit commission I speak for an organization that has worked for over 20 years to ensure a continuation of good rail service to the many industries that use the line in the Sauk County area. I speak for the commission which is composed of local industrial users, local communities, and Sauk County. All of these representatives are worried about the future of the line if it stays in private ownership.

The Pink Lady Rail Transit Commission was formed in 1988 for the purpose of saving the line from a proposed rail abandonment. With the active help of then Governor Tommy Thompson we were able to save a catastrophe to local businesses by reversing the plans to abandon the line. Since then the commission has worked to improve the communications between shippers, communities, and the rail carrier for the betterment of all. Now, 24 years later, we once again seek the support of a pro economic development governor to pursue a rare opportunity to proactively seek state ownership of the line.

The line is economically very important to Sauk County and the State. In two recent economic impact studies lead by Associate Professor Jenny Erickson, Sauk County UW Extension and a state Community Development Specialists from University of Wisconsin-Madison/Extension the importance of rail to Sauk County was clearly shown. Since 1990 Sauk County has seen a tripling of rail use by local industry. In addition the dependence on rail to local jobs has increased dramatically. Over 1500 local manufacturing jobs in Sauk County are critically dependent on rail. There are an additional 1200 local jobs created as a result of these rail dependent jobs. Total payroll of the combined 2700 plus jobs is over \$152 million dollars. The importance of these rail linked jobs to our area cannot be understated. In a more recent, but less in depth study of the line, it would appear that the line is equally important, if not more so, in Dane County.

Today, it is rare for a mainline railroad to abandon track in Wisconsin. The mainline railroads have effectively completed the task of getting rid of non-profitable lines over the last 3 decades. The opportunity that presents itself today is a very unusual one. We have a major carrier willing to sell the line before the track is in terrible shape. In addition we have significant car loadings on the existing line. Both of these conditions are unheard of in a normal abandonment proceeding. In fact due to those conditions the Federal Surface Transportation Board would not allow it to be abandoned. We have a rare opportunity to act unlike any action of the past 30 years. We can purchase a rail line in decent shape with significant traffic.

The Madison to Reedsburg line is being offered for sale by the Union Pacific railroad. The line has been appraised and the DOT is reviewing the appraisal. It is a short isolated track that is insignificant to the Union Pacific's larger operations but profitable enough that they could not obtain permission to abandon it. The Union Pacific is currently involved with a huge infrastructure improvement in the Chicago area that has put it in a position to need extra cash. The sale makes sense to them. They are willing sellers. It also would connect a number of State owned tracks that meet in Madison but do not connect because the Union Pacific owns the "hub" of these lines. This purchase would connect the State owned tracks. This purchase does not fit the past 30 year practice of buying abandoned lines. But we believe the future of State Rail is not in past policy but in future innovation.

If the State does not buy the line now, since it does not fit the past 30 year model of State acquisition, I truly believe that it will buy the Madison to Reedsburg line in the future. There will come a time in the near future, due to deferred maintenance to the track and bridge by the UP, that the Merrimac Bridge will be embargoed, the average line speed limit will have diminished significantly, and the numbers of job in Sauk County at risk due to lose of rail could well have grown to over 3000. At that future time, the political will to purchase the line will be huge. Threatened job losses, after all, will drive that effort. The sad part is that we will have to go through the appraisal process one more time. After a year of having the line reappraised and evaluated, perhaps waiting for the next budget cycle to fund it, Wisconsin will buy the Madison to Reedsburg line. Sadly it will be for more money than today's price and with a significant added cost for refurbishing a then diminished line and a broken bridge. In addition, the delays in the purchase will cost our area and the State 1000's of jobs.

The history of rail purchase by the state over the past 30 years has been almost entirely reactive. The large mainline railroads have for decades abandoned unprofitable lines and spurs in Wisconsin and the nation. To the credit of the State of Wisconsin it was aggressive evaluating and purchasing many of those lines. Those purchases have provided the backbone of our state recreational trail system and an excellent state owned freight rail system. For decades the State's role was to look at the dozens of abandoned lines and decide which ones they should purchase. In practice the State bought lines that were in terrible condition with very little or no rail users. The program was proactive in concept but its implementation, out of necessity, was reactive. Now, all these years later, this creative State program has clearly born significant economic dividends.

The same rail lines that the large carriers could not run profitably or efficiently are now running smoothly. With a carrier that leases the line from the State of Wisconsin, service has gone from, at best once a week with a mainline railroad, to once a day. Industry has responded with increased investment, added jobs and higher rail traffic. Hundreds of industries, scores of communities and thousands of individual employees benefit from the State Rail System. Here in Sauk County the leased UP line has resulted in the same dramatic increased service and a corresponding increase of local industrial investments, jobs, and shipping.

We truly believe that looking in the long term; purchase at this time is the best action for the State to pursue. It will save Wisconsin both money and jobs. It is bold, forward thinking, and proactive. We believe that the State of Wisconsin will not have many opportunities like this in the future.

So I ask you on behalf of the Pink Lady Rail Transit Commission and the industries and communities that it represents to ponder the situation and do what you can to provide the political leadership to strongly consider this unusual and unique opportunity. This is a very important issue to Sauk County and many of its neighboring counties who supply employees to the factories in Baraboo and Reedsburg.

Regards

Alan B. Anderson

Chairman
Pink Lady Rail Transit Commission.