

# SENATE BILL REPORT

## HB 1550

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As Reported By Senate Committee On:  
Transportation, March 31, 1999

**Title:** An act relating to extending the negotiation period for the Milwaukee Road corridor franchise agreement.

**Brief Description:** Extending Milwaukee Road corridor franchise negotiations.

**Sponsors:** Representatives G. Chandler, Fisher, K. Schmidt and Hankins.

**Brief History:**

**Committee Activity:** Transportation: 3/24/99, 3/31/99 [DPA].

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass as amended.

Signed by Senators Haugen, Chair; Gardner, Vice Chair; Goings, Vice Chair; Benton, Costa, Eide, Horn, Jacobsen, Johnson, Morton, Oke, Patterson, Sellar, Sheahan, T. Sheldon and Shin.

**Staff:** Jeff Doyle (786-7322)

**Background:** In 1980, the Milwaukee Road (railroad) declared bankruptcy, sold some of its properties, and salvaged its track. During those bankruptcy proceedings, the railroad offered to sell the state of Washington most of its right of way in eastern Washington.

In 1981, the Legislature appropriated \$3.5 million to purchase the right of way. Over the next several years, the state acquired approximately 213 miles of right of way, stretching from Easton near Snoqualmie Pass, to the Idaho state line at Tekoa. There is a 35 mile segment from Royal City Junction to Warden that remained in use as a railroad, and is currently operated by the Washington Central Railroad Company (WCRC) providing freight service.

The right of way owned by the state was eventually put under the management and control of three different state agencies: State Parks, Department of Natural Resources, and the Department of Transportation (DOT). It was originally envisioned that the entire right of way would form a cross-state recreational trail.

In 1994, the Freight Rail Policy Advisory Committee, consisting of public and private entities with an interest in improving freight transportation, recommended that the old Milwaukee Road corridor's potential for relieving freight congestion be explored. During the 1995 legislative interim, the Legislative Transportation Committee convened a Freight Rail and Freight Mobility Task Force to examine these and other issues. The task force

recommended reinstating freight rail service over the portion of the old Milwaukee Road railroad running from Ellensburg to Lind.

In order to reinstitute rail service, a unified transportation corridor was created. State-owned portions of land running from Ellensburg to Lind were consolidated into a single owner, the Department of Transportation. The DOT was charged with management and control of the corridor, and was directed to negotiate a franchise agreement with a qualified rail carrier to operate service over the line.

Since the new transportation corridor would interfere with the cross-state trail use, the State Parks Commission was directed to establish a "replacement trail" once the DOT entered into a franchise agreement for the provision of rail service in the new corridor.

If the Department of Transportation did not enter into a franchise agreement by June 30, 1999, the legislation creating this consolidated transportation corridor would sunset, and management of the trail between Ellensburg and Lind would revert back to the three state agencies.

Since 1996, when the authorizing legislation was passed, the intermodal container freight traffic at the Puget Sound ports of Seattle and Tacoma has decreased slightly, contrary to earlier freight projections. This is due in large part to the economic crisis in eastern Asia. As a result, the need for additional freight rail capacity between Ellensburg to Lind has not materialized as expected, and presently no freight rail companies have expressed an interest in obtaining an operating franchise over this rail corridor.

Without legislation extending the date for a franchise agreement to be reached, the prior authorizing legislation will sunset and the transportation corridor will no longer be under the management of the DOT for freight rail use.

**Summary of Amended Bill:** The deadline for the DOT to enter into a franchise agreement for rail service over the Ellensburg to Lind portion of the old Milwaukee Road corridor is extended seven more years.

If an agreement is not entered into by July 1, 2006, the transportation corridor reverts to the prior ownership and management by the Department of Transportation, State Parks, and the Department of Natural Resources.

**Amended Bill Compared to Original Bill:** The deadline is extended seven years rather than five years.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** Intermodal freight traffic has not grown as rapidly as expected, and additional time is needed for a rail carrier to be interested in reopening the Old Milwaukee Railroad for rail freight service.

**Testimony Against:** None.

**Testified:** PRO: Representative Gary Chandler, prime sponsor; Alan Harger, DOT; Pat Jones, WA Public Ports Assn.