

Alternatives sought for South Valley short rail line

By Ben Keller, Business Journal writer
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Right near the heart of the Tulare County town of Strathmore lie the remnants of a once influential section of rail that ran goods through the South Valley.

With little more than a pattern of dirt where 30 miles of short-line tracks used to trail from the town south to Jovista, county planners are now putting their heads together on ways to preserve the rest of the rail line that serves businesses in Exeter, Dinuba, Visalia and other nearby communities.

According to Tulare County's Economic Development Manager Michael Washam, there was only a modest impact when Rail America, parent company of San Joaquin Valley Railroad, abandoned and ripped up the portion of its rail linking Strathmore, Porterville and Jovista around a year and a half ago.

But with the company already discussing the possibility of discontinuing the 10-mile corridor up to Exeter and even farther north to Dinuba, he said many businesses stand to lose the only viable mode of transportation they have. The ability to attract new industries would be severely limited, he added.

"It's used on a daily basis," he said. "It connects the business park in the industrial area in Visalia out to Exeter out to Ivanhoe and Dinuba. It's our connection to Class 1 service to Union Pacific and Burlington North Santa Fe (in Fresno)."

Now, the work of both preserving and improving what's left of the rail line rests in the hands of a budding partnership now being formed among Kern, Kings, Tulare, Fresno and Merced counties.

Established by SB 325 signed into law last August, the new Central California Rail Authority would act as an alternative to short-line rail service in the event that a railroad is abandoned in any of the counties.

With representatives from each county weighing in, the board will decide whether it would acquire and operate the lost service or select a private company to run the line.

Ted Smalley, executive director for the Tulare County Association of Governments, said talks have already been ongoing with Rail America about maintaining the line between Exeter and Dinuba while starting some much needed improvements.

The initial phase of the project is estimated at around \$1.5 million — enough to repair several aging bridges and replace some of the more deteriorated sections of track within a matter of months.

"There are some sections you have to go extremely slow, and with the first phase you'll get up to 20 mph," he said. "With some sections you can only go 5 mph right now."

Smalley said he expects the group to meet for the first time at the end of summer to begin the process of seeking grants and other financing to get the repair work underway.

While Rail America has expressed its willingness to step up with the initial 25 percent, he said, another primary funding source would likely come from the Federal Highway Administration's Congestion Mitigation [Air Quality](#) program.

The San Joaquin Valley Air Pollution Control District and the U.S. Department of Agriculture are also likely partners in the effort, he added.

"Everyone is being cautiously optimistic that we can work together, that we can improve the rail line and attract business and create new jobs and then everyone wins," he said. "Once we get initial phase going, people will say 'Hey, this partnership is real and real improvements are going on,' and it will create a synergy for everyone."

Smalley noted that positive discussions have also taken place to buy the track's right of way, which Rail America currently leases from Union Pacific. The move, he said, would further help to preserve the line to be able to attract businesses, even if few are setting up shop right now.

"We have repeatedly been told that of potential industrial businesses, 40 percent want to know about rail access," Smalley said.

Those doing business along the corridor, however, may have good reason to be distrustful about the new plans.

Negotiations broke down nearly two years ago when Tulare County approached Rail America to acquire the track between Strathmore to Jovista after the company made the decision to abandon the section due to lack of freight. It takes two years of inactivity on a line before the Surface Transportation Board will approve abandonment.

At the time, those who used the service expressed discontent with the company's surcharges of up to \$950 per rail car on some Tulare County shippers. Others complained of various fees that were being levied by San Joaquin Valley Railroad along with poor service and additional requirements for customers.

San Joaquin Valley Railroad, which was bought by Rail America in 2002, operates 417 miles of track in Southern California and has interchanges with the Union Pacific and Burlington North Santa Fe railroads at Fresno, Goshen Junction and Bakersfield and Hanford.

Creating further uncertainty for the plans ahead is the fact that Fortress Investment Group, the owner of Rail America, was recently reported in *Trains* magazine to be looking for a buyer to take a 56 percent stake in the company.

Last week, Rail America announced plans to redeem \$74 million of its 9.25 percent senior secured notes due in 2017 on June 25.

The company lost \$40.2 million in the first quarter as an \$82.4 million charge related to the early retirement of debt offset a 15 percent year-over-year revenue increase.

[Letter to the Editor, Merced Sun-Star, Thursday, June 14, 2012](#)

Solar requirement for new buildings will ultimately save money

The California Energy Commission's decision last week to require homes and commercial buildings to be built with solar-ready roofs, more efficient windows and other energy-saving measures will do much to contribute to more energy-efficient homes, thus reducing our electric bills and helping to clean our air. The CEC's decision will add just a nominal amount to the cost to build a home but will help homeowners realize big savings in their electric bills, particularly as electricity rates continue to rise.

Making homes with solar-ready roofs will save homeowners money on going solar and give way to even more solar systems powering California homes. It should go without saying that this is good for the environment. If we install enough solar, we won't need as many new peaker power plants.

Peak energy consumption takes place during the same time of day at which solar panels achieve peak production. This means that the excess production by solar panels that feeds into the utility grid can be consumed by other users who would otherwise require energy from expensive and pollution-heavy peaker plants.

Tom Cotter
Regional sales manager, Real Goods Solar
Fresno