

How does the Washington Grain Train generate revenues?

Usage fees for grain cars are generated on the BNSF Railroad based on a combination of mileage traveled and number of days on that railroad (time and mileage). The further the car travels and the longer it is on a particular railroad, the more money the car earns.

The shuttle service between grain elevators and the barge terminal in Wallula use a different system. A car use fee per trip was established for the shuttle service based on estimates of time and mileage. One car use fee was established for shipments on the PV Hooper rail line, and another for the BLMR.

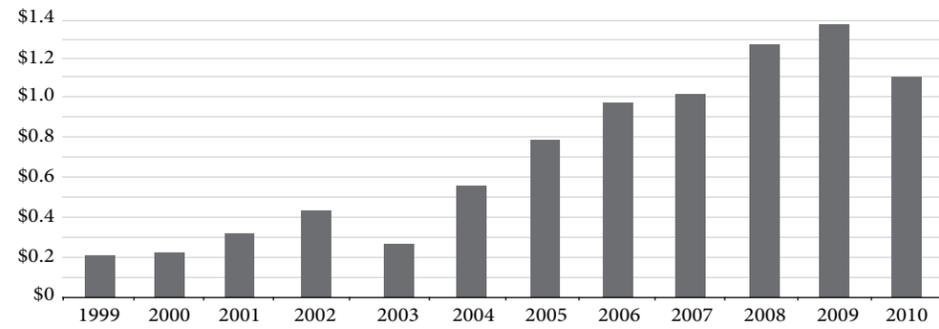
These fees are deposited directly into accounts managed by each of the three port districts. These funds are used for grain car maintenance, car tracking, and eventual car replacement (based on a 20-year depreciation schedule). A portion of these fees are also set aside and used as a "reserve" fund that is periodically tapped for fleet expansion.

Once the reserve fund has grown large enough to purchase rail cars and there is a demonstrated need for additional cars, WSDOT can instruct the port districts to send funds to a rail car sales firm selected by WSDOT. This firm then delivers the cars to Washington for rehabilitation and then eventual service on a specific corridor where there is a shortage of grain hopper cars.



Grain Train Revolving Fund (Washington State-Owned Cars)

Dollars in millions



Twenty nine additional grain hopper rail cars were purchased in 2010. 2010 balance does not include 4th quarter expenses.

Washington Grain Train



June 2011



A financially self-sustaining freight transportation program that supports Washington's farmers, short-line railroads, and rural economic development.

For more information contact:

WSDOT State Rail and Marine Office
360-705-7900
www.wsdot.wa.gov/rail



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What is the Washington Grain Train?

The Washington Grain Train is a transportation program that produces a number of important public benefits at no cost to Washington taxpayers. Serving grain cooperative companies and farmers in one of the most productive grain-growing regions in the world, the Washington Grain Train helps carry thousands of tons of grain to deepwater ports along the Columbia River and Puget Sound. From there the grain is loaded onto ships bound for Pacific Rim markets.

The Washington State Grain Train began operations in 1994 and currently has 118 grain cars in the fleet (100 are owned by the state, and 18 are owned by the Port of Walla Walla). BNSF Railway Company (BNSF), Palouse River and Coulee City (PCC) Railroad and the Columbia Basin Railroad (CBRW) operate the cars and carry the grain to market. Twenty nine of the cars were purchased in 2010 and were assigned to collect grain between Coulee City and Cheney and carry it to Ritzville for further transport to the Washington coast for export.



How did the Washington Grain Train program get started?

In the early 1990s, a national shortage of grain hopper rail cars made it difficult and expensive for Washington state farmers to get grain to market. The transcontinental railroads were earning more money hauling grain from the Midwest to ports in the Pacific Northwest than they could through shorter distance trips within Washington. This reduced the supply of empty grain cars for eastern Washington grain shippers.

To help alleviate this shortage of grain cars, the Washington State Energy Office and the Washington State Department of Transportation (WSDOT) used federal funds to purchase 29 used grain cars to carry wheat and barley from loading facilities in eastern Washington to export facilities in western Washington and Oregon. Additional cars were purchased when the program proved successful.



How does the public benefit from the program?

The Washington Grain Train produces a number of important public benefits. The Grain Train:

- Helps move Washington products reliably and efficiently to domestic and international markets.
- Helps preserve Washington's short-line railroads by generating revenues that may be used to upgrade rail lines and support the railroad's long-term infrastructure needs.
- Helps support a healthy rail network that may maintain and attract new businesses in rural areas of Washington.
- Saves fuel over shipping by truck.
- Supports air quality improvement initiatives.
- Helps reduce wear and tear on local roadways by using rail.
- Was started with federal "seed" money and operates without any taxpayer subsidy.

Who manages the Washington Grain Train?

WSDOT jointly manages the Grain Train program with the ports of Walla Walla, Moses Lake, and Whitman County. WSDOT oversees the entire program and the port districts collect monthly payments for the use of the program's cars. The ports can use up to one percent of the payments they receive from the railroads for fleet management services.

How well is the Grain Train program performing today?

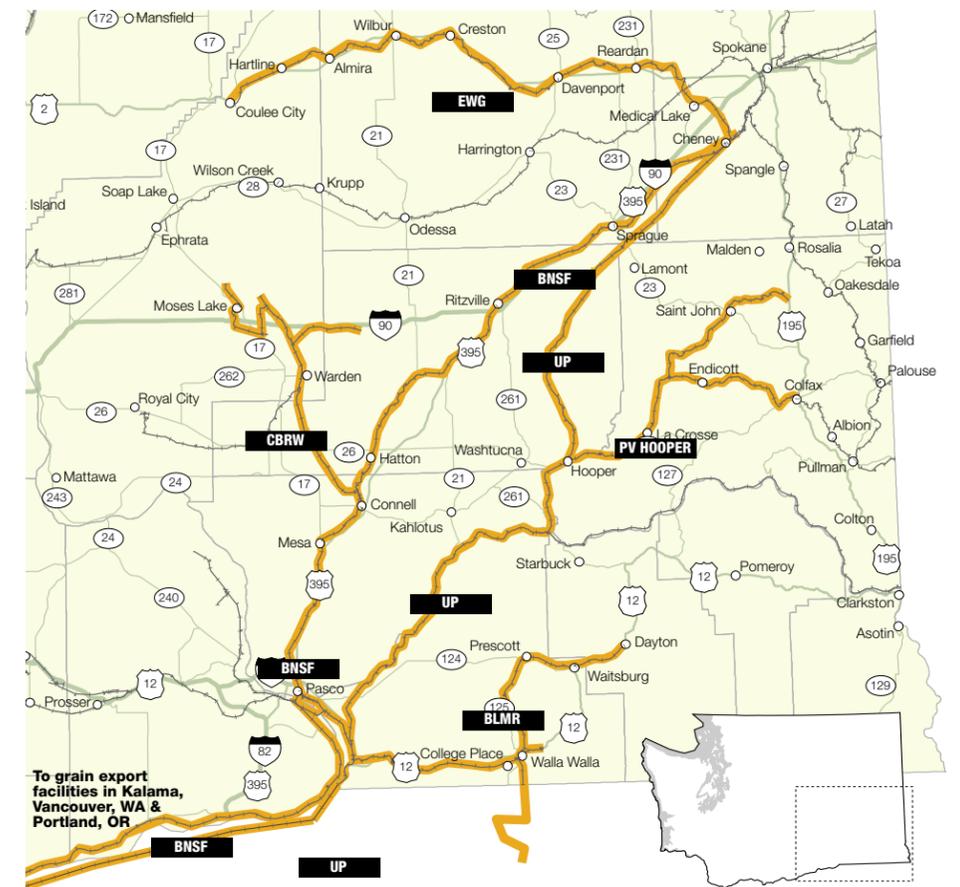
Washington is the fifth-highest producer of wheat products nationally and the top producer of hops in the nation. Since its beginning in 1994, the Grain Train program has moved more than 1.2 million tons of grain from Washington to national and international markets.

Which communities are served by the Washington Grain Train?

The Washington Grain Train collects wheat and barley from grain elevators in eight cities in eastern Washington. These are: Warden, Schrag, LaCrosse, Prescott, Endicott, Willada, St. John, and Thornton. The cities of Coulee City, Hartline, Almira, Davenport, Creston, and Reardan will be served with the new set of cars that were purchased in 2010.

How are the Grain Train cars currently used?

- Twenty-seven of the cars load grain on the CBRW. They are interchanged with BNSF at Connell for further transport to Washington ports.
- Forty-four of the remaining state-owned cars and the 18 Port of Walla Walla cars are used by the PCC Railroad to pick up grain on the PV Hooper Branch of the PCC Rail System and the Blue Mountain



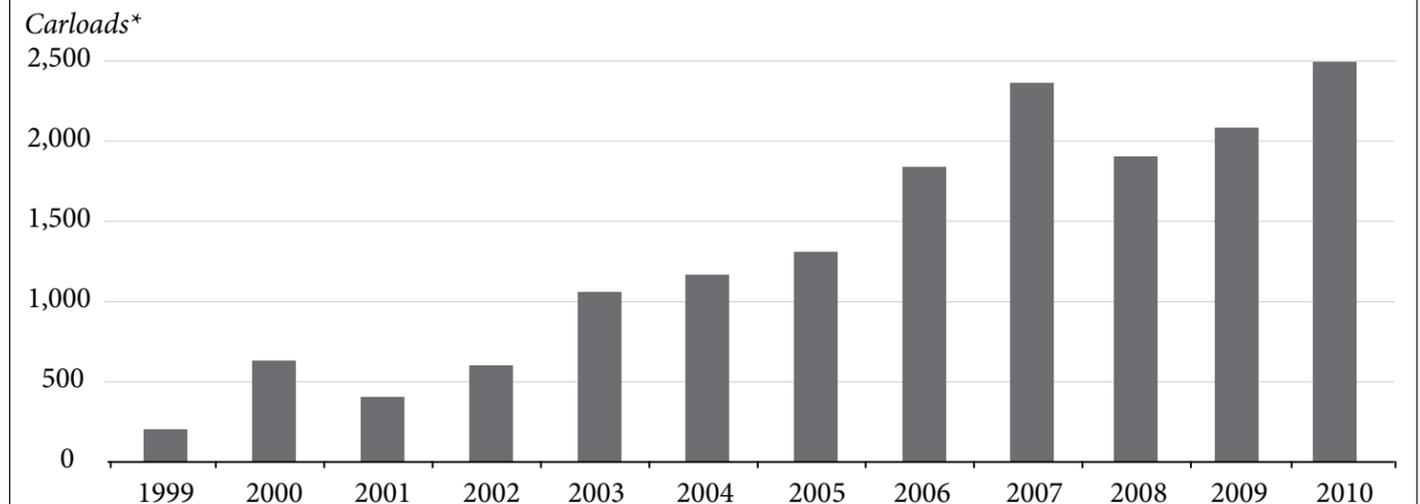
Railroad (BLMR). They are transported entirely by the PCC Railroad to a barge facility at Wallula for further transport to Washington ports. Because the PCC Railroad has operating rights on the Union Pacific (UP) Railroad between Wallula and the BLMR, and between Wallula and the PV Hooper Branch,

the cars flow between the lines in a seamless process.

- The 29 new cars are used by the Eastern Washington Gateway Railroad to collect grain on the CW Branch of the PCC Rail System for transport to Cheney for interchange with BNSF and further transport to Washington ports.



Annual Grain Train Carloads



*Carloads include Port of Walla Walla-owned Grain Train cars.